

**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF MEDICAL ASSISTANCE SERVICES**

600 East Broad Street, Suite 1300  
Richmond, VA 23219

August 26, 2008

Dear Prospective Vendor:

The Department of Medical Assistance Services (DMAS) is soliciting proposals from qualified auditing firms for the review and validation of eligibility determinations made by the Commonwealth of Virginia for Medicaid and State Children's Health Insurance Program, which is known in Virginia as Family Access to Medical Insurance Security (FAMIS). Duties of the Contractor shall include identifying overpayments and underpayments for recovery from Local Departments of Social Services as a result of the inaccurate or the inappropriate enrollment of individuals in Medicaid and FAMIS. In this RFP FAMIS includes FAMIS Fee for Service and FAMIS Plus unless otherwise stated. Costs associated with pursuing the recovery of overpayments shall be the responsibility of the Department. Specific details about this procurement are in the enclosed Request for Proposal RFP 2008-03. Proposals must demonstrate that the Offeror has a proven system and service to conduct the audits. Offerors must check the Department's web site at [www.dmas.virginia.gov](http://www.dmas.virginia.gov) or check the eVA web site at [www.eva.virginia.gov](http://www.eva.virginia.gov) for any addendums or notices regarding this RFP.

The Commonwealth shall not pay any costs that any Offeror incurs in preparing a proposal and reserves the right to reject any and all proposals received.

Offerors are requested not to call this office. All issues and questions related to this RFP should be submitted in writing to the attention of Carmel R. Jones-Boyd, Contract Monitor, Program Integrity Division, Department of Medical Assistance Services, 600 East Broad Street, Suite 1300, Richmond, VA 23219. In order to expedite the process of submitting inquiries, it is requested that vendors submit any questions or issues by email in MS Word format to [PERMRFP@dmass.virginia.gov](mailto:PERMRFP@dmass.virginia.gov).

Offerors who wish to submit a proposal are required to submit a Letter of Intent which must be received by the Department no later than 2:00 PM local time on September 8, 2008. The prior submission of a Letter of Intent is a prerequisite for submitting a proposal; proposals shall not be

accepted from Offerors who have not submitted a Letter of Intent by the deadline specified above. Letters of Intent shall be sent to:

[PERMRFP@dmass.virginia.gov](mailto:PERMRFP@dmass.virginia.gov).

Sincerely,

*William D. Sydnor*

William D. Sydnor  
Contract Management Director

Enclosure

**REQUEST FOR PROPOSALS  
RFP 2008-03**

**Issue Date:** August 26, 2008

**Title:** Payment Error Rate Measurement Auditing Services

**Period of Contract:** The initial period of the contract is 23 months from date of award (with an end date of June 2010). In addition there is an option to renew the contract for an additional period from October 2011 through June 2013.

All inquiries should be directed in writing via email in MS Word Format to:  
[PERMRFP@dmas.virginia.gov](mailto:PERMRFP@dmas.virginia.gov)

Carmel R. Jones-Boyd, Contract Monitor  
Program Integrity Division  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, Virginia 23219

Deadline for submitting Letter of Intent and inquiries is **2:00 p.m. E.S.T. September 8, 2008**

**Proposal Due Date:** Proposals will be accepted until **2:00 p.m. E.S.T. October 3, 2008**

**Submission Method:** The proposal(s) must be sealed in an envelope or box and addressed as follows:

“RFP 2008-03 Sealed Proposal”  
Department of Medical Assistance Services  
600 E. Broad Street, Suite 1300  
Richmond, Virginia 23219  
Attention: William D. Sydnor

Facsimile Transmission of the proposal is not acceptable.

**Note:** This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by State law relating to discrimination in employment.

In compliance with this Request for Proposal and to all conditions imposed therein and hereby incorporated by reference, the undersigned proposes and agrees to furnish the services contained in their proposal.

Firm Name (Print)	F.I. or S.S. Number
Address	Print Name
Address	Title
City, State, Zip Code	Signature (Signed in Ink)
Telephone	Date Signed
Fax Number	
eVA Registration <u>Required</u>	eVA Vendor #:
Check Applicable Status Corporation ----- Partnership ----- Proprietorship ----- Individual ----- Woman Owned ----- Minority Owned ----- Small Business ----- If DMBE certified, provide certification number:	

**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF MEDICAL ASSISTANCE SERVICES**  
**REQUEST FOR PROPOSALS**  
**FOR**  
**PAYMENT ERROR RATE MEASUREMENT AUDITING SERVICES**

**RFP 2008-03**

**ISSUED: August 26, 2008**

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## **RFP 2008-03 – PERM Auditing Services for the Division of Program Integrity**

### **SECTION 1 INTRODUCTION AND PURPOSE**

The Department of Medical Assistance Services (DMAS or Department) is the single State Agency in the Commonwealth of Virginia that administers the Medicaid program under Title XIX of the *Social Security Act* and the Virginia State Child Health Insurance Program, (SCHIP) under Title XXI of the *Social Security Act* for low-income people and children. These programs are financed by Federal and State funds and administered by the State according to Federal guidelines. Both programs include coverage of medical services for eligible Medicaid and SCHIP enrollees.

The Department's Program Integrity Division (PI) is responsible for preventing, detecting, deterring, and correcting noncompliance by providers and recipients participating in the Medicaid program and ensuring compliance with Federal and State rules and regulations. PI conducts in-depth reviews of recipient and providers by conducting audits of recipient case records and provider medical records. Additionally, PI reviews recipient and provider complaints for follow-up and resolution, monitors recipient abuse and overuse and refers cases of potential fraud by providers and/or recipients to the appropriate criminal enforcement agency. The administrative authority of this RFP will be under the Program Integrity Division.

The Commonwealth of Virginia, Department of Medical Assistance Services, is hereby soliciting proposals from qualified auditing firms to establish a contract through competitive negotiation to review the eligibility of Medicaid and State Children's Health Insurance Program (which is referred to in Virginia and throughout this RFP as Family Access to Medical Insurance Security (FAMIS)) applicants and recipients for purposes of estimating improper payments in Medicaid and FAMIS. The Improper Payments Information Act of 2002 (IPIA) requires heads of Federal agencies to estimate and report to the Congress annually estimates of improper payments for the programs they oversee, and submit a report on actions the agency is taking to reduce erroneous payments. The Contractor will conduct auditing and validations of eligibility determinations, fulfill validation reporting functions, and assist the Department in establishing an error rate for the Commonwealth of Virginia.

The IPIA directed the Office of Management and Budget (OMB) to provide guidance on implementation. OMB defines "significant erroneous payment" as annual erroneous payments in the program exceeding both 2.5 percent of program payments and \$10 million. For those programs with significant erroneous payments, Federal agencies must provide the estimated amount of improper payments and report on what actions the agency is taking to reduce them, including setting targets for future erroneous payment levels and a timeline by which the targets will be reached. The Medicaid and FAMIS programs were identified by OMB as programs at risk for significant erroneous payments. OMB directed the Department of Health and Human Services (DHHS) to report the estimated error rates for the Medicaid and FAMIS programs each year for inclusion in the Performance and Accountability Report (PAR).

Payment Error Rate Measurement Program (PERM) conducts reviews of eligibility determinations made by States for Medicaid and FAMIS in order to evaluate accuracy of

eligibility decisions. States will conduct the reviews of their determinations, and then provide their findings to CMS for calculation of an eligibility error rate.

The eligibility component of PERM will result in the calculation of an error rate to determine what percentage of Medicaid and FAMIS total payments made for services to beneficiaries in the sample were improperly paid. For PERM eligibility sampling and review, States are responsible for identifying the appropriate sampling universe, sampling, reviewing, collecting payments for sampled cases and reporting the results. This RFP is for the review of the Medicaid and FAMIS cases. Other elements of PERM will be the responsibility of the Department.

The Department shall not accept contingency based proposals. The Department shall not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to the Contractor based on overpayments identified during the audits.

### **1.1 Fee-for-Service and Managed Care**

The Department provides Medicaid to individuals through two programs: a managed care program utilizing contracted managed care organizations (MCO) and a primary care case management program (PCCM) called MEDALLION or fee-for-service (FFS), which is the standard Medicaid program. The FAMIS program, Family Access to Medical Insurance Security (FAMIS), is not a Medicaid program; however, it is administered through both the FFS and managed care delivery systems. The Contractor shall be responsible for auditing both Medicaid and FAMIS recipients in both the fee-for-service and managed care programs. (Unless otherwise indicated, the fee-for-service program is referred to as the Virginia Medicaid program in this document.)

### **1.2 Duration of Contract**

The duration of the contract is 23 months from date of award (with an end date of June 2010). In addition there is an option to renew the contract for an additional period from October 2011 through June 2013. The length of the contract duration is dependent upon the completion of the RFP and CMS requirements.

### **1.3 Goals of the Department**

The Department's responsibilities with this RFP are covered in another section of this RFP. The main outcome goals of this RFP include the following:

- To establish an eligibility payment error rate for the Commonwealth of Virginia for the Medicaid and FAMIS programs;
- To identify patterns and trends in recipient enrollment errors to determine the clarity and application of policy, and whether changes in policy are appropriate;
- To identify potential program savings at both the State and Federal levels; and
- To provide cost avoidance through a corrective action process and enhanced system edits.

## **SECTION 2 BACKGROUND**

Virginia, like many other States, is working to identify ways to monitor and control health care spending for the Virginia Medical Assistance Program. An effective audit program will measure improper payments in the Medicaid and FAMIS programs. It is one of the mechanisms that the State under Federal mandated initiatives has employed in an effort to contain costs and provide quality health care to citizens of the State of Virginia.

The Department is dedicated to providing quality health care services to eligible Medicaid, FAMIS and FAMIS Plus recipients while addressing the need of Virginia taxpayers for fiscal responsibility. The Department believes that a focused/aggressive Medicaid and FAMIS eligibility audit is an integral part to meeting this goal and is a fundamental necessity in controlling costs associated with the program.

### **2.1 Virginia Medicaid and FAMIS Eligibility Process Background**

Federal and State mandates require the Department to ensure that only eligible applicants receive Medicaid and FAMIS benefits. The Department contracts with the Virginia Department of Social Services (VDSS) to determine Medicaid and FAMIS eligibility of applicants for Medicaid and FAMIS services.

VDSS uses its network of Local Departments of Social Services (LDSS) to determine an individual's Medicaid and FAMIS eligibility. The FAMIS Central Processing Unit (CPU) determines eligibility for FAMIS and Medicaid likely individuals. FAMIS eligibility is determined by a contractor. DMAS co-located CPU staff determines eligibility for Medicaid likely individuals. VDSS provides the LDSS staff training, conducts sub-recipient monitoring and an automated system controlled to assist them in the eligibility determination process. The DMAS and FAMIS CPU staff is trained by DMAS and training staff employed by the contractor. The FAMIS contractor uses its own automated system to determine FAMIS eligibility. Co-located DMAS staff use the same methods as the LDSS and FAMIS CPU to determine eligibility for Medicaid likely individuals. LDSS are administered by local governments and VDSS receives funding from the Department to pay the local governments for this service. The Department pays the contractor to determine FAMIS eligibility.

The Department, VDSS, LDSS, and the FAMIS CPU clearly share responsibility for the Medicaid and FAMIS programs. However, because the Department is the administrator of the Medicaid programs, it is ultimately responsible for the operations and eligibility determinations for its programs, including FAMIS.

The Federal government would require the Department to reimburse the program for both the Federal and State share of any of the program's costs that are spent on services on behalf of an erroneously ineligible participant. Since the Department has no independent funding stream, this would result in additional costs to the Commonwealth's General Fund.

Currently, the Department participates in two additional eligibility audits - Medicaid Quality Control (MEQC) and Eligibility Review Project (ERP). MEQC is an independent audit

conducted by the State by VDSS Quality Assurance staff. MEQC reviews are conducted in accordance with the Federal government's fiscal year. Monthly reviews are conducted by VDSS Quality Control Analysts. Error analysis and findings are reported to the Department bi-annually or annually as determined by the Department. MEQC is not related or included in PERM.

The ERP is a pilot project. The initial pilot began in 2007 and was completed. Phase II of the ERP is expected to begin in the Spring 2008. ERP is not related or included in PERM.

## **2.2 Definitions**

The following terms when used in this RFP shall be construed and/or interpreted as follows, unless the context expressly requires a different construction and/or interpretation.

- Active case: A case containing information on a beneficiary who is enrolled in the Medicaid or FAMIS program on the month that eligibility is reviewed.
- ADAPT: Application Benefits Delivery Automation Project. This computer system is used by LDSS to determine eligibility for Families and Children Medicaid except for transitional, Foster care, and adoption assistance Medicaid. It is also used to determine eligibility for the Food Stamp program.
- Annual: For the purposes of this contract, annual shall be defined as within 90 calendar days of the effective contract date and effective contract renewal date.
- Appeals: Appeals by local agencies of identified misspent funds resulting from audits that the Contractor has performed.
- Applicant: An individual who has applied for Medicaid, but who is not determined to be Medicaid eligible.
- Audit: Desk audit, on-site audit, or both performed by the Contractor to verify that the payment accuracy of eligible Medicaid recipients. In addition, the Contractor may contact applicants and participants for verification of needed documentation and contacts related to third party professionals for required verifications.
- Business Days: Monday through Friday, 8:00 AM to 5:00 PM, Eastern Standard Time, unless otherwise stated.
- Calendar Year: January 1 through December 31.
- CAP: Corrective action plan.
- Case: An individual beneficiary.
- Case Record: Either the hardcopy or electronic file that contains information on a beneficiary regarding program eligibility.
- Claims Data: Files that contain payment data for services rendered to Medicaid recipients in the fee-for-service program.
- CMS: Centers for Medicare and Medicaid Services. This is the Federal agency that oversees the administration of Medicare and State Medicaid services.

- Contract Modifications: Any changes or modifications to the Contract that are mutually agreed to in writing by the Contractor and the Department or are mandated by changes in Federal or State laws or regulations as per Section 10.15.
- Contract: The signed and executed document resulting from this RFP, including all attachments or documents incorporated by reference.
- Contractor: An individual or firm that has entered into an agreement with the Department, under the State Plan and in return for a payment, provides eligibility auditing services.
- Covered Services: Medicaid benefits.
- Central Processing Unit (CPU): The unit responsible for processing FAMIS applications.
- Department: The Virginia Department of Medical Assistance Services (DMAS).
- Eligibility: Meeting the State's categorical and financial criteria for receipt of benefits under the Medicaid and FAMIS programs.
- Encounter Data: Files that contain payment data for services rendered to Medicaid recipients enrolled in a managed care program.
- Eligibility Error: An inaccurate application of Medicaid/FAMIS categorical and financial criteria that results in inappropriate program enrollment. More specifically, this title is given to errors that have a financial loss to the Department.
- Encryption: A security measure process involving the conversion of data into a format that cannot be interpreted by outside parties.
- Enrollment: The determination by a local department of social services or a central processing unit of an individual's eligibility for Medicaid, FAMIS Plus or FAMIS and subsequent entry into the Virginia Medicaid Management Information System (VAMMIS).
- Eligibility Error: An inaccurate application of Medicaid/FAMIS categorical and financial criteria that results in inappropriate program enrollment. More specifically, this title is given to errors that have a financial loss to the Department.
- Error Matrix: Matrix of common errors per service type.
- Extrapolation: Methodology used to draw inferences or conclusions about an audit sample. The Department shall not utilize the extrapolation methodology.
- Family Access to Medical Insurance Security (FAMIS): The State's children's health insurance program in Virginia.
- FAMIS Enrollee: Persons enrolled in the Department's FAMIS program who are eligible to receive services under the State Child Health Plan under Title XXI.
- FAMIS PLUS: Another name for Virginia's Medicaid program for individuals under [the](#) age of 19.
- Fee-for-Service: A method of making payment for health services that specifies payment amounts for defined services, separate and distinct from managed care. The Contractor shall be responsible for auditing recipient's that participate in the Department's fee-for-service program.

- Federal Fiscal Year (FFY): October 1 through September 30.
- State Fiscal Year (FY): July 1 through June 30.
- Fraud: Intentional deception or misrepresentation made by a person or entity with the knowledge that the deception could result in payment of an unauthorized benefit or reimbursement.
- Health Insurance Portability & Accountability Act of 1996 (HIPAA): Federal law that amongst other things, addresses the obligations of healthcare providers and health plans to protect health information. It also gives patients greater access to their own medical records and more control over how their personally identifiable health information is used.
- Implementation Date: 30 days after the effective date of the contract.
- Local Agency: The agency that performs the Medicaid and FAMIS eligibility determinations under PERM and excludes the State agency.
- Managed Care Organization (MCO): An entity that meets the participation and solvency criteria defined in 42 CFR Part 438 and has an executed agreement with the Department to provide services covered under the Medallion II and FAMIS programs.
- Medicaid: A joint Federal and State program, authorized under title XIX of the Social Security Act, that provides medical care to people with low income and limited resources.
- Medicaid Enrollee: Persons enrolled in the Department's Medicaid program who are eligible to receive services due to enrollment in fee-for-service Medicaid.
- Medicaid Fraud Control Unit (MFCU): The unit within the Office of the Attorney General that has the responsibility to conduct a Statewide program for investigating and prosecuting fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of facilities of medical assistance under the State Medicaid plan.
- Medicaid Management Information System (MMIS): See Virginia Medicaid Management Information System.
- Monthly: For the purposes of contract reporting requirements, monthly shall be defined as the 15th day of each month for the prior month's reporting period. For example, January's monthly reports are due by February 15th; February's are due by March 15th, etc.
- Negative case: A case containing information on a beneficiary who applied for benefits and was denied or whose program benefits terminated based on the State agency's eligibility determination.
- Offeror: Refers to a company that is submitting a response to this RFP.
- Patient Pay: When an individual is enrolled in Medicaid long term care service, he may be responsible to pay a portion of the cost of services. This amount is determined by the local Department of Social Services.
- Payment: Any payment to a provider, insurer, or managed care organization for services rendered to a Medicaid or FAMIS beneficiary for which there is Medicaid or FAMIS Federal financial participation. It may also mean a direct payment to a Medicaid or FAMIS beneficiary in limited circumstances permitted by CMS regulation or policy.

- PERM: The Payment Error Rate Measurement process to measure improper payment in Medicaid and FAMIS.
- Program Integrity Division: The Division within the Department that is responsible for audits and reviews.
- Protected Health Information (PHI): Individually identifiable patient information, including demographics, which relates to a person's health, health care, or payment for health care. HIPAA protects individually identifiable health information transmitted or maintained in any form or medium.
- Quarterly: For the purposes of contract reporting requirements, quarterly shall be defined as within 30 calendar days after the end of each quarter, unless otherwise specified by the Department.
- Quarters: Calendar quarters starting on January 1, April 1, July 1, and October 1.
- Recipient: An individual having current Medicaid/FAMIS Plus or FAMIS eligibility.
- Reconsideration: Stage in audit process before the final report when the local agency is allowed to submit additional information that may overturn previous decisions and mitigate findings.
- Recovery: The process in which the Department recoups the money identified by the Contractor as over-billed or inappropriately billed by an individual enrolled in Medicaid or FAMIS by a local agency.
- Secure email: The generic term that usually applies to sensitive email being passed over the Internet in some form of encrypted format.
- Shall: Indicates a mandatory requirement or a condition to be met.
- State: Commonwealth of Virginia.
- State Plan for Medical Assistance (State Plan): The comprehensive written statement submitted by the Department to CMS for approval, describing the nature and scope of the Virginia Medicaid program and giving assurance that it shall be administered in conformity with the requirements, standards, procedures and conditions for obtaining Federal Financial Participation. The Department has the authority to administer the State Plan for Virginia under *Code of Virginia* § 32.1-325, as amended.
- State Children's Health Insurance Program (SCHIP): A program authorized and funded under XXI of the Act. Federal regulations governing this program are at 42 CFR part 457.
- Subject Matter Expert (SME): Individuals who have superior knowledge of clinical, technical and DMAS policy/procedures within a specific clinical or technical area.
- Technical Error: Specific to inaccurate application of Medicaid policies and procedures that do not have an affect on the financial eligibility of the recipient.
- Virginia Medicaid Management Information System (VAMMIS): The medical assistance eligibility, enrollment, and payment information system of the Virginia Department of Medical Assistance Services.

- Virginia Medicaid Policy: Includes the State plan, regulations, manuals and Medicaid memoranda.

### **SECTION 3 TECHNICAL PROPOSAL REQUIREMENTS**

The Contractor shall be required to determine the validity of eligibility determinations made for Medicaid and FAMIS applicants and recipients. The validation shall determine if improper payments were made from Virginia Medical Assistance Programs funds as a result of inaccurate eligibility determinations. The Contractor shall inform and report to the Department any discrepancies (i.e. inaccurate eligibility decisions and patient pay determinations) found during the audits. Extrapolation methodologies shall not be allowed; only actual audit findings shall be accepted.

The validation of eligibility determinations is from the Contractors analyzing, reviewing, and auditing of recipient eligibility case record data. Offerors are encouraged to incorporate in their proposals new techniques or approaches that have been found or are expected to be successful in identifying eligibility errors.

#### **3.1 Offeror Experience and Credentials**

As part of the response to this RFP the Offeror shall provide information about its company, including the following:

- Describe evidence of company stability;
- Its ability to fulfill the requirements of this RFP;
- The number of years in business;
- The number of employees with eligibility determination data analysis experience; and
- Why it deserves to be selected for this contract?;

##### **3.1.1 Skills and Experience**

Describe the skills and experience in identifying eligibility errors and financial overpayments from State agencies, workers' compensation carriers, health insurance companies and/or third party administrators. Also describe other projects of a similar nature and scope.

The Offeror shall elaborate on its skill and experience in using electronic data mining technology that is proposed to be used for the PERM eligibility payment analysis.

The Offeror shall provide in the response to this RFP samples of desk and eligibility reviews. The Offeror shall also describe alternative and/or additional steps that may be considered if a more in-depth review is undertaken. Include a sample of positive and negative eligibility case records with error findings of an eligibility and technical error. Also include a sample eligibility case record request.



In the Offerors description of related experience, the following shall be provided for four (4) specific project references which are similar in nature and scope to the project described in this RFP.

- The organization name, address, current telephone number, and a specific contact person;
- A description of the scope of work completed;
- The period of performance for which you provided the work described;
- The amount of eligibility and technical error cases identified; and
- Any legal or adverse contractual actions against the Offeror related to the project.

List all relevant experience, as described above, in the last three years.

If the Offeror proposes to use subcontractors, it shall provide a full description of the subcontractor's qualifications to perform the portion of the work to be subcontracted.

### **3.2 Auditing Scope**

The Contractor shall be responsible on a yearly basis for conducting and completing a sample of:

- 504 Medicaid positive case reviews;
- 504 FAMIS (includes FAMIS and FAMIS Plus) positive case reviews;
- 204 Medicaid negative case reviews; and
- 204 FAMIS (includes FAMIS and FAMIS PLUS) negative case reviews for auditing purposes.

The case sample must be approved by the Centers for Medicare and Medicaid Services (CMS) prior to be requested and reviewed.

### **3.3 Auditing Requirements**

The Contractor shall observe all federal and State policies in conducting PERM audits and reviews. The Offeror shall describe in detail the proposed approach for accomplishing the eligibility determination and error analysis, including identifying the essential elements for error analysis and review. The Offeror shall submit in its response to this RFP the following:

- a. An audit plan;
- b. An audit methodology; and
- c. An error matrix.

If the audit plan, audit methodology, and/or error matrix are updated prior to or during the implementation of the RFP, the Contractor shall submit the updates to the Department for approval prior to implementation of the updates.

### **3.4 Required Number of Monthly Case Audits**

The Contractor shall perform the following number of audits per month:

- a. 42 Medicaid positive case reviews;
- b. 42 FAMIS (includes FAMIS and FAMIS Plus) positive case reviews;
- c. 17 Medicaid negative case reviews; and
- d. 17 FAMIS (includes FAMIS and FAMIS Plus) negative case reviews.

These numbers are the current CMS sample size requirement for FFY 2009. This may not necessarily be indicative of expected requirements for FFY 2012 sample. If CMS finds that the current sample size produces precision levels in excess of those required, the sample size will be adjusted in subsequent years. Any changes to the sample size shall be negotiated by the parties in good faith and considered a contract modification under section 10.15 of this RFP.

### **3.5 Required Time Frames for Monthly Audits**

The Contractor shall perform eligibility reviews and audits on all approved case samples. The reviews shall be completed within specified Federal time frames. The Contractor shall use their experience in performing such audits to estimate the potential time involved. The Federal time frames for completing monthly case samples are as follows:

- 90 percent of case reviews completed within 105 days of the end of the sample month;
- 95 percent completed within 125 days of the end of the sample month; and
- 100 percent complete within 150 days of the end of the sample month.

Upon the completion of 100 percent of a sample month's cases, the Contractor shall submit to the Department a detailed outcome report of the case findings for each month. This outcome report shall be submitted to the Department by the close of business on the day that the 100 percent is to be completed.

### **3.6 Requesting Case Records**

The Contractor shall allow the FAMIS CPU, the local Department of Social Services (LDSS) and the Virginia Department of Social Services (VDSS) a reasonable opportunity, as identified in regulation or program manuals, to supply case records, and any additional documentation that supports the reason for the eligibility determination.

The Contractor shall request the case records listed in the approved sampling which is supplied by the Department using the following procedures:

- a. Request case records from the appropriate LDSS agencies and FAMIS CPU through the designated contact at VDSS within five (5) business days after the receipt of the monthly sample;
- b. If all case records are not received within seven (7) business days of the initial request, a second request must be made through VDSS;
- c. If additional information or documentation is needed, or a case warrants a more detailed evaluation, VDSS and the Department shall be notified;
- d. If case documentation and information cannot be obtained from VDSS or other State sources, it may be necessary to contact the individual that was reviewed for Medicaid eligibility, or the person's family/caregiver. If this action is needed, the request for documentation and/or information from the individual must include additional or adequate time to provide requested information. The Contractor must not exceed the Federal deadlines for case reviews as indicated in this RFP above;
- e. It may be necessary for the Contractor to schedule a face to face visit with the individual and family member/caregiver; and
- f. If documentation is not received within the specified time frame and the results of the review will exceed the federal time frame for that month's reviews, the Contractor must notify the Department of the situation and with the specific case details, and consider the case review findings as a technical error.

### **3.7 Discovered Errors**

All discovered errors will fall within one of two categories: Technical Error or Eligibility Error. A Technical Error is defined as a specific in accurate application of procedures that do not have an affect on the financial eligibility of the recipient. An Eligibility Error is defined as an error that has a financial loss to the Department. All error reports and findings will include the category for each discovered error.

In cases which errors are discovered, the Contractor shall:

- a. Analyze and identify each error as Technical or Eligibility. The Contractor shall provide documentation of how the error findings were determined and include the appropriate Medicaid manual citation;
- b. If applicable, determine the amount of misspent claims paid due to eligibility errors; and
- c. Submit to the Department a monthly report of all Technical and Eligibility error findings and, if applicable, the amount of misspent funds.

When eligibility errors are discovered the Contractor shall identify, calculate the financial consequences of the error, and report all findings to the Department. Additional information on the reporting mechanism can be found in the Section 4 of this RFP.

### **3.8 Misspent Funds Discovered**

When an eligibility error is discovered, the Contractor shall research and determine if improper funds were spent due to the erroneous eligibility decision. When an eligibility error has been identified to result in misspent funds, the Contractor shall research the individual's case record at the LDSS or CPU for the sample month and up to four months following that month to include all adjustments that occur within 60 days of the payment date.

If the Contractor's audit findings determine that State funds were spent based on an erroneous eligibility determination, the Contractor shall:

- a. Notify the Department of eligibility errors that have resulted in misspent funds in a monthly report. More information on the monthly report is located in Section 4 of this RFP;
- b. Determine the amount of misspent funds due to erroneous eligibility determinations; and
- c. Provide the Department with sufficient information and documentation to validate or substantiate the improper payments in question.

Offerors are encouraged to incorporate in their proposals new and proven techniques or approaches that have been found or are expected to be successful in identifying payment errors to Medicaid and FAMIS recipients.

### **3.9 PERM Data Analysis and Review**

The Contractor shall implement a PERM data mining system to identify the specific types of error determinations made by LDSS agencies or FAMIS CPU based on their eligibility and enrollment patterns, based on industry knowledge, experience, or trends. The system should be capable of contrasting each LDSS agency with its peers and with the FAMIS CPU in order to profile agency case action determinations and recipient enrollment patterns. The system should also be capable of producing both individual local agency profiles and management reports (i.e. averages, standard deviations, and frequency distributions for each item reported). In addition, the system should be capable of profiling local agencies under a variety of classification types.

In addition, the Contractor shall provide the Department with remote access (read-only) to the Contractor's computer system with respect to all Virginia Medical Assistance Programs audit requirements/activities. The information in this database shall be the property of the Department. In order to meet information system requirements and to support the timely provision of ad hoc report requests that may be made by the Department, the Contractor shall maintain a HIPAA compliant database, in a format acceptable to the Department and utilizing the MMIS provider, recipient, claims and encounter data received via the FTP process. The database information shall be capable of maintaining and recording participant protected health information (PHI) for the auditing functions; and retrieving data on a short notice. Data stored in the Contractor's database shall be current, based on the updates received monthly from the Department's fiscal agent and the Contractor's interaction with that data, and should be routinely backed up either manually or with appropriate software.

The Contractor database and processing system shall ensure the timeliness and accuracy of data used in the business processes for final auditing determinations based on the Department's rules and regulations. This system shall be capable of allowing for future growth in service volume.

Although the Contractor will maintain the database and processing system at their facility, the Department shall have access to the database and the MMIS specific audit data stored in the Contractor's database shall be the property of the Department.

At a minimum data analysis shall include, but are not limited to, the following services:

1. Developing data-mining criteria which will incorporate the Department's specific benefit plans and recovery policies. The data-mining criteria shall be submitted to the Department for approval prior to commencing data review;
2. Identifying recipients who are enrolled in incorrect aid categories which impact MCO capitation fees;
3. Applying data-mining techniques and analysis to review recipient eligibility case records to assess improper payments for accuracy, and identify the amount of misspent funds where errors are found;
4. Conducting a review of case record information and documentation for any case records warranting a more detailed evaluation. This comprehensive case record review shall be conducted by a Lead Auditor. Requests for case records shall be in writing and directed to a specific person and confirmed address; and
5. Applying a focused approach to data analysis to identify trends in improper payments.

The Department reserves the right to provide directives based upon policy needs that may not prove to be fiscally productive. The Contractor shall be required to accommodate and incorporate Departmental plans, policies, and directives into its performance of the services required by this RFP and resulting contract.

### **3.10 Identifying Trends, Local Agency Education and Customer Service**

A positive relationship with the VDSS and the LDSS community, and the CPU is important to the Department. A significant portion of repeated errors and the resulting in overpayments may be the result of LDSS or FAMIS CPU deficits in education regarding the Medicaid policies, procedures, etc. The Contractor is expected to identify trends or issues pervasive among LDSS agencies or the FAMIS CPU requiring a broader educational effort Statewide. In an effort to maintain a satisfactory working relationship with the LDSS and CPU, the Department expects the Contractor to identify persistent errors that are being made and methods to avoid them. This activity shall be summarized by the monthly reports. These errors and methods to avoid them shall be shared by the Department with VDSS so that LDSS can conduct programs to educate and monitor LDSS/FAMIS CPU regarding persistent errors made.

The Contractor shall be available to VDSS, LDSS, and FAMIS CPU as well as the Department to discuss the review processes and results. Periodic informal meetings with the Department via telephone or in person may be required. The Department reserves the right to attend such meetings and requires a schedule of these events at least 30 calendar days in advance of event.

### **3.11 Virginia Medicaid Management Information Systems Requirements**

In response to this RFP, the Offeror must demonstrate the ability to interpret, map and load into the Contractor's electronic systems data received through data extracts from the Virginia Medicaid Management Information System (VAMMIS) operated by the Department's fiscal agent and Application Benefit Delivery Automation Project (ADAPT) operated by VDSS. The Contractor may also be required to provide data and other information to the Department (as required) to be used for monitoring and analysis. The Contractor must successfully test all aspects of data transference.

#### **3.11.1 Contractor's Data Transference from the Fiscal Agent**

The Contractor may not transmit PHI over the Internet or any other unsecured or open communication channel unless such information is encrypted or otherwise safeguarded using procedures no less stringent than those described in 45 CFR § 164.308. If the Contractor stores or maintains PHI in encrypted form, the Contractor shall, promptly at the Department's request, provide the Department with the software keys to unlock such information.

The Department will provide technical assistance to the Contractor to ensure that appropriate transference of data occurs from the fiscal agent.

All expenses incurred in establishing the data transference between the Contractor and the Department's fiscal agent shall be the responsibility of the Contractor. The Contractor must have successfully loaded the electronic data received from the fiscal agent prior to the implementation date.

The Contractor shall comply with the Health Insurance Portability and Accountability Act (HIPAA) Final Rules and Standards related to the electronic transactions of data between the Contractor and the Department's fiscal agent, electronic correspondence between the Contractor and the Department, and transmission within and out of the Contractor's corporate network including any ISPs. These HIPAA standards involve:

- The Privacy of Individually Identifiable Health Information;
- Standards for Electronic Transactions; National Standards for Employer Identifiers;
- National Standards for Health Care Provider Identifiers; and the
- HIPAA Privacy and Security Regulations.

### 3.11.2 Interfaces

The Contractor shall not have direct access to VAMMIS and ADAPT. The Contractor is expected to conduct all processing on its own hardware and software and must be able to receive and load the following data files to be used for the sole purpose of auditing functions for Virginia Medical Assistance Programs provider, eligibility, and encounter claims data.

From the interfaces provided, the Contractor shall complete all data mapping necessary to perform auditing functions and submit information to the Department and respond to information provided by the Department at no cost to the Department. This will consist of a cross-reference map of required VAMMIS data and Contractor system data elements and data structures. The Department will use existing data formats (to be provided at the time of issuance of the Department's response to written comments) as much as reasonably practicable as determined by the Department and make the data formats available to the Contractor upon award. Any changes to the data formats required by the Contractor shall be reviewed and approved by the Department during the contract start-up period and shall be borne by the Contractor at no expense to the Department.

### 3.11.3 Provider Data

The Contractor shall receive (pull) and process provider information from the Department on a monthly basis. An initial provider data load is to be completed during the implementation period, and all subsequent quarterly processing would supplement this initial data load (not complete file replacement). The Department will provide the data in the specified file format and the format shall be non-negotiable.

### 3.11.4 Recipient Data

The Contractor shall receive (pull) and process recipient eligibility information from the Department designated file protocol's fiscal agent on a monthly basis. An initial recipient eligibility data load is to be completed during the implementation period and all subsequent monthly processing would replace this initial data (not complete file replacement). DMAS will provide the data in the specified file format and the format shall be non-negotiable.

### 3.11.5 Claims and Encounter Data

The Contractor shall receive (pull) and determine the amount of misspent funds from paid claims and encounter data on all eligibility errors. This data will include all paid claims processed within the determined period. No other claims data will be made available for relationship analysis. An initial data load is to be completed during the implementation period, and all subsequent processing would supplement this initial data load (not complete file replacement). The Contractor, as part of their response to this RFP, shall describe the number of months of historical data they will need to meet the

terms of the contract. DMAS will provide the data in an existing file format and the format shall be non-negotiable.

#### 3.11.6 Contractor Electronic Access to Department Data

The Contractor shall “pull” all data as described in Section 3.9 from the Department in a HIPAA compliant fashion by secure electronic file transfer protocol (FTP). The Department will require the execution of a trading partner agreement for the FTP connection. The Contractor shall describe in detail their secure FTP connectivity. All expenses incurred in establishing connectivity between the Contractor and the Department, and the Department’s fiscal agent if applicable, shall be the responsibility of the Contractor. The FTP access to the Department, and/or the Department’s fiscal agent if needed, must be fully operational prior to the implementation date.

#### 3.11.7 Secure FTP Requirements

The Contractor is to access the Department’s First Health Services Corporation (FHSC) which is the Department’s fiscal agent, Secure File Transfer Server over the Internet. This process supports the FTPS (SSL FTP/AUTH SSL) for secure communications between the Contractor and the server. An area on the server will be created for the Contractor to obtain files.

The fiscal agent supports Secure Sockets FTP over the Internet that complies with RFC 959, 1123, and 2228. The Contractor is required to use a 128-bit SSL client software package, at the Contractor’s expense that supports passive mode. The fiscal agent also supports PGP.

### 3.12 Information Technology and Equipment

The Contractor shall be responsible for providing all computer equipment necessary to perform the services required in this RFP. This includes data warehousing, connectivity, and communication with the Department.

#### 3.12.1 Remote Access/Email Communications

For transfer of HIPAA Protected Health Information (PHI) via email communications, the Department requires that the Contractor use a HIPAA-compliant secure email form of communication. The Department recommends one of the following solutions:

- End to End (Contractor’s email system to the Department Internet email appliances), email communications using the Transport Layer Security (TLS) protocol with strong encryption.
- Private communications line between Contractor and the Department with email redirection across it.



- Contractor usage of the Department's Tumbleweed secure email system (restrictions and guidelines shall apply).

#### 3.12.2 Web Provider Access

If the Contractor allows its employees to remotely access and respond to audit inquiries through the web, the Contractor's function must be in a secured environment using an application via a web browser from the provider's computer/workstations with the same standards designated for the Department.

#### 3.12.3 Communication Plan

The Contractor shall provide the Department with a written Communications Plan and flow diagram to include communications security that describes the use of data that will be sent to the Department or the fiscal agent or reside in the custody of the Contractor and how that data is accessed. The Contractor must submit the initial Communications Plan to the Department prior to the implementation date and must include a connectivity flow diagram. If any changes occur during the contract period, the Contractor must submit an updated Communications Plan to the Department within 30 days after the change occurred and must include an updated connectivity flow diagram.

#### 3.12.4 Systems Readiness Review

The Contractor shall work with the Department to ensure that the Contractor's processing system satisfies the functional and informational requirements of Virginia's auditing program. The Contractor shall assist the Department in the analysis and testing of the auditing information transfer at least 30 days prior to the date of implementation. The Contractor shall provide any software or additional communications network required for access at the Contractor's expense.

#### 3.12.5 System Security

The Contractor shall apply recognized industry standards governing security of State and Federal Automated Data Processing systems and information processing. At a minimum, the State requires the Contractor to conduct a security risk analysis and to communicate the results in an Information Security Plan. The risk analysis shall also be made available to appropriate Federal agencies.

The following specific security measures should be included in the system design documentation and operating procedures:

- Computer hardware controls that ensure acceptance of data from authorized networks only.
- At the Contractor's central facility, placement of software controls that establish separate files for lists of authorized user access and identification codes.

- Manual procedures that provide secure access to the system with minimal risk.
- Multilevel passwords, identification codes or other security procedures that must be used by State agency or Contractor personnel.
- All Contractor database software changes related to this contract may be subject to the Department's approval prior to implementation.
- System operation functions must be segregated from systems development duties.

The Information Security Plan document must be delivered to the Department prior to the implementation date. If any changes occur during the contract period, the Contractor must submit an updated Information Security Plan to the Department within 30 days after the change occurred.

### **3.13 Disaster Preparedness and Recovery at the Processing Site**

The Contractor must submit a copy of its Business Continuity/Disaster Recovery plan for its processing system. If requested, test results of the plan must be made available to the Department. The plan must be tested before the implementation date and must meet the requirements of any applicable State and Federal regulations, and of the Department. The Contractor's Business Continuity/Disaster Recovery Plan must include sufficient information to show that it meets the following requirements:

- Documentation of emergency procedures that include steps to take in the event of a natural disaster by fire, water damage, sabotage, mob action, bomb threats, etc. This documentation must be in the form of a formal Disaster Recovery Plan. The Contractor shall apply recognized industry standards governing Disaster Preparedness and Recovery including the ability to perform all functions required in this RFP in the event that the central site is rendered inoperable. Additionally, the Contractor's disaster plan must include provisions in relation to the telephone number(s);
- Employees at the site must be familiar with the emergency procedures;
- Smoking must be prohibited at the site;
- Heat and smoke detectors must be installed at the site both in the ceiling and under raised floors (if applicable). These devices must alert the local fire department as well as internal personnel;
- Portable fire extinguishers must be located in strategic and accessible areas of the site. They must be vividly marked and periodically tested;
- The site must be protected by an automatic fire suppression system; and
- The site must be backed up by an uninterruptible power source system.

The Business Continuity/Disaster Recovery Plan document must be delivered to the Department prior to the implementation date.

### 3.14 Staffing Requirements

**Individuals Assigned:** The Contractor shall be required to assign dedicated staff with direct subject matter and audit expertise (including a dedicated project manager) to perform the audits on an on-going basis to ensure consistency of knowledge and application of the Department's policies and regulations during the contract period. The Contractor shall specify the names, professional level, and number of individuals assigned to this project.

The Offeror shall submit with their written proposal, a detailed description of the staffing plan, which describes the types of personnel who shall be hired to handle audits. This section shall also include a description of the Offeror's plan for staff training. The staffing plan covered by this RFP must be capable of fulfilling the requirements of this RFP.

The staffing plan shall include resumes of key personnel, such as the Project Manager, and lead auditors with subject matter expertise, and lead reviewers. If key personnel have not been identified, include a position description for each vacant position. The resumes of key personnel shall include at a minimum:

- Experience with Contractor, including applicable dates; and
- Relevant education, experience, and training, including applicable dates.

Auditors and data analysts may be located outside the State, but shall be required to be present, as needed, at relevant appeal proceedings and some Departmental meetings. Telephonic attendance is sufficient for most Departmental meetings. An organizational chart shall be included with the Offeror's response to this RFP. The organizational chart shall indicate which reviewers will be located outside of Virginia.

| The Contractor shall assign a Project Manager to this project. The assigned [Project Manager](#) shall be approved by the Department. The Project Manager shall be the single contact accountable for contract performance, invoicing, data submission, and reporting to the Department. The Project Manager shall be available for coordination with the Department by telephone on a daily basis and for status and issue resolution meetings at least on a weekly basis.

If any member of the project management team, as identified in the Contract, becomes unavailable for any reason, the Contractor shall advise the Department immediately, and shall provide an expected timeline for the re-hire. The Department reserves the right to approve or reject rehires to project management level positions. Failure to maintain the required staffing level to meet contract requirements shall be considered a material breach of the contract and may result in cancellation of the contract.

At the Department's request, staff considered not to be qualified to meet the needs of the program or otherwise detrimental to the successful completion of the contract, shall be withdrawn.

The Contractor shall not have an employment, consulting or any other agreement with a person that has been debarred or suspended by any Federal or State agency for the provision of items or services that are significant and material to the entity's contractual obligation with the State.

### **3.15 Confidentiality and HIPAA Requirements**

#### **3.15.1 Confidentiality of Audit Procedures:**

The Contractor shall maintain the confidentiality of the LDSS agencies and CPU, of the audit program steps and procedures, and of the data analyzed in the performance of the audits.

#### **3.15.2 Confidentiality of Medicaid Information:**

Pursuant to the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and all other applicable State and Federal laws, the Contractor shall protect the confidentiality of all Virginia Medical Assistance Programs recipients and applicants and other materials within this program in accordance with this contract. The Contractor shall execute a DMAS supplied HIPAA Business Associate agreement with the Department. Except for officially approved purposes directly connected with the administration of this contract, no information about (or obtained from) any recipient or applicant, in the possession of the Contractor, shall be disclosed to any party other than the Department in a form that identifies the recipient or applicant, without prior written consent of the individual or the parent or guardian of a minor. The Contractor shall modify and maintain comprehensive confidentiality policies and procedures as approved by the Department. The Contractor shall maintain the confidentiality of Medicaid information in accordance with the following:

The Contractor agrees to ensure that access to Virginia Medical Assistance Programs information shall be limited to the Contractor. The Contractor shall take measures to prudently safeguard and protect unauthorized disclosure of the Medicaid information in its possession. The Contractor shall establish internal policies to ensure compliance with Federal and State laws and regulations regarding confidentiality including, but not limited to, 42 CFR § 431, Subpart F, and Virginia Code Section 2.1-377, et. seq. In no event shall the Contractor provide, grant, allow, or otherwise give, access to Medicaid information to anyone without the express written permission of the Director of the Department. The Contractor assumes all liabilities under both State and Federal law in the event that the information is disclosed in any manner in violation of any applicable laws.

Upon the Contractor receiving any requests for the Medicaid eligibility case record information from any individual, entity, corporation, partnership or otherwise, the Contractor must notify the Department within twenty-four (24) hours. The Contractor shall ensure that there will be no disclosure of the data except through the Department. The Department will treat such requests in accordance with its policies.

In cases where the information requested by outside sources is releasable under the Freedom of Information Act (FOIA), or is requested by subpoena, search warrant, or other court order, as determined by the Department, the Contractor shall provide support for copying and invoicing such documents and records and shall provide access to such records in a time and manner such that the Department can meet any applicable timeframes. If it appears that it is impossible to comply with the subpoena of FOIA request within the time frame, the Contractor shall inform DMAS as early as possible along with the reasons it is unable to comply.

#### **3.15.3 HIPAA Requirements:**

To the extent that the Contractor uses one or more subcontractors or agents to provide services under this Contract, and such subcontractors or agents receive or have access to protected health information (PHI), each such subcontractor or agent shall sign a Business Associate Agreement with the Contractor that complies with HIPAA. The Contractor shall ensure that any agents and subcontractors to whom it provides PHI received from the Department (or created or received by the Contractor on behalf of the Department) agree in writing to the same restrictions, terms, and conditions relating to PHI and other confidential information that apply to the Contractor pursuant to this Contract.

To the extent that the Contractor uses one or more subcontractors or agents to provide services under this Contract, and such subcontractors or agents receive or have access to protected health information (PHI), each such subcontractor or agent shall sign a Business Associate Agreement with the Contractor that complies with HIPAA. The Contractor shall ensure that any agents and subcontractors to whom it provides PHI received from the Department (or created or received by the Contractor on behalf of the Department) agree in writing to the same restrictions, terms, and conditions relating to PHI that apply to the Contractor pursuant to this Contract. The Department shall have the option to review and approve all such written agreements between the Contractor and its agents and subcontractors prior to their effectiveness.

### **3.16 Subcontractors**

The Contractor shall be responsible for the administration and management of all aspects of this RFP and the audit program covered there under. If the Contractor elects to utilize a subcontractor, the Contractor shall ensure that the subcontractor shall not enter into any subsequent agreement or subcontracts for any of the work contemplated under the subcontract for purposes of this RFP, without prior approval of the Department. No subcontract or other delegation of responsibility shall terminate or reduce the legal responsibility of the Contractor to the Department to ensure that all activities under this RFP are carried out.

#### **3.16.1 Prior Approval**

All subcontracts, amendments, and revisions thereto must be approved in advance by the Department. All subcontracts shall be maintained in accordance with the applicable terms of this RFP. Once a subcontract has been executed by all of the participating parties, a

copy of the fully executed subcontract shall be sent to the Department within 30 days of execution.

#### 3.16.2 Notice of Subcontractor Termination

When a subcontract that relates to the provision of audit program services is being terminated between the Contractor and a subcontractor, the Contractor shall give at least thirty (30) days prior written notice of the termination to the Department. Such notice shall include, at a minimum, a Contractor's intent to change to a new subcontractor for the provision of said services, an effective date for termination and/or change, as well as any other pertinent information that may be needed. In addition to prior written notice, the Contractor shall also provide the Department with a transition plan, when requested, which shall include, at a minimum, information regarding how continuity of project shall be maintained. The Contractor's transition plan shall also include provisions to notify impacted or potentially impacted local agency of the change. The Department reserves the right to require this notice requirement and procedures for other subcontracts if determined necessary upon review of the subcontract for approval.

#### 3.16.3 Notice of Approval

Approval of subcontracts shall not be considered granted unless the Department issues its prior approval in writing (to include e-mail). The Department may revoke such approval if the Department determines that the subcontractors fail to meet the requirements of this RFP.

### **3.17 Implementation Work Plan and Project Work Plan**

Administration of the PERM Audit Program by the Contractor shall begin on December 1, 2008. Eligibility audits will begin December 1, 2008 and will end June 2010. Payment to Contractor shall be made as provided in Section 7 (Payments to the Contractor) of this Contract. The Contractor shall not be compensated for any expenses incurred prior to the implementation date.

The Contractor shall submit a preliminary Implementation and Work Plan as part of the response to this RFP. The plan shall include a detailed project schedule including the tasks and deliverables required to accomplish the work in the Contractor's proposal.

The Contractor shall submit, prior to the implementation date, a final detailed Implementation Work Plan demonstrating the Contractor's proposed schedule to implement the audit program no later than 60 days after the contract is awarded. The final plan shall include a schedule of the tasks and deliverables required throughout the project and shall identify all critical path and dependency tasks and milestones, and delineating the responsibilities of the Contractor and the Department. The Department may identify modifications and additional information or details for inclusion.

The Department may make such reasonable investigations as deemed proper and necessary to determine the ability of the Contractor to perform the services and the Contractor shall furnish to

the Department all such information and data for this purpose as may be requested. The Department reserves the right to inspect Contractor's physical facilities, including any located outside of Richmond, prior to award to satisfy questions regarding the Contractor's capabilities. The Department further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Contractor fails to satisfy the Department that such Contractor is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

The Contractor shall be responsible for participating in and defining the details of the Operational Readiness Assessment Plan for its service package and shall be responsible for preparing and submitting its Operational Readiness Assessment Plan to the Department for review and approval. The State may include facilities in the operational readiness assessment.

Any changes required to the Contractor's processes as identified through readiness review activities shall be made by the Contractor prior to implementation. Costs associated with these changes shall be borne by the Contractor. The Contractor's inability to demonstrate to the Department's satisfaction, and as provided in this section, that the Contractor is fully capable of performing all duties under this contract no later than December 1, 2008, shall be grounds for the immediate termination of the Contract by the Department pursuant to the Department Special Terms and Conditions, 11.7 Cancellation of Contract rights.

All expenses incurred by the Contractor in performing the services required by this RFP, including but not limited to, audit costs, travel, copying, data access, and reporting are the responsibility of the Contractor.

The Contractor shall also submit a detailed Project Work Plan that shall define the delivery time for each component activity of the contract. The Contractor shall provide a schedule indicating the dates the audits will be performed and will advise the Department of the completion of each audit.

### **3.18 Transition upon Termination Requirements**

At the expiration of this Contract, or if at any time the Department desires a transition of all or any part of the duties and obligations of the Contractor to the Department or to another vendor after termination or expiration of the Contract, the Department shall notify the Contractor of the need for transition. Such notice shall be provided at least sixty (60) calendar days prior to the date the contract will expire, or at the time the Department provides notice of termination to Contractor, as the case may be. The transition process will commence immediately upon such notification and shall, at no additional cost to the Department, continue past the date of contract termination or expiration if, due to the actions or inactions of Contractor, the transition process is not completed before that date.

If delays in the transition process are due to the actions or inactions of the Department or the Department's newly designated vendor, the Department and the Contractor shall negotiate in good faith a contract for the conduct of and compensation for transition activities after the termination or expiration of the Contract. In the event that a subsequent Contractor is unable to

assume operations on the planned date for transfer, the Contractor shall continue to perform operations on a month-to-month basis for up to six months beyond the planned transfer date. The Department will withhold final payment to the Contractor until transition to the new Contractor is complete.

#### 3.18.1 Close Out and Transition Procedures

Within ten (10) business days after receipt of written notifications by the Department of the initiation of the transition, the Contractor shall provide to the Department a detailed electronic document, containing the following:

- The number of audits opened, pending and completed identified by local agency; and
- Number and amount of overpayments identified by technical or eligibility error.

3.18.2 Within ten (10) business days after receipt of the detailed document, the Department will provide the Contractor with written instructions, which shall include, but not be limited to, the following:

- The packaging, documentation, delivery location, and delivery date of all records, data and review information to be transferred. The delivery period shall not exceed thirty (30) calendar days from the date the instructions are issued by the Department.
- The date, time and location of any transition meeting to be held among the Department, the Contractor and any incoming Contractor. The Contractor shall provide a minimum of two (2) individuals to attend the transition meeting and those individuals shall be proficient in and knowledgeable about the materials to be transferred.

3.18.3 Within five (5) business days after receipt of the materials from the Contractor, the Department shall submit to the Contractor in writing any questions the Department has with regard to the materials transferred by Contractor. Within five (5) business days after receipt of the questions, the Contractor shall provide written answers to the Department.

3.18.4 All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance of this contract shall become the sole property of the Department. On request, the Contractor shall promptly provide an acknowledgment or assignment in a tangible form satisfactory to the Department to evidence the Department's sole ownership of specifically identified intellectual property created or developed in the performance of the contract.



## **SECTION 4 REPORTING AND DELIVERY REQUIREMENTS**

The Contractor shall produce scheduled and ad hoc, written and electronic reports, as requested by the Department. Reporting is to begin once the contract has been signed and approved. The Contractor shall submit, as part of the response to this RFP:

- Sample written reports that include the results of eligibility case reviews with misspent funds; the analyses performed; the potential recovery amount, and the identification of hours and effort required by the Contractor to produce the estimated amount of misspent funds identified.
- An agreement with the reporting schedule as described and outlined, including the ability to provide ad hoc reports;
- A sample of a proposed monthly reporting format, which includes all required elements for each report in the proposal.

### **4.1 Reporting Schedule**

The Contractor shall maintain data necessary to complete reports specified in this RFP. The Contractor is responsible for the following:

#### **4.1.1 Immediate Reporting**

The Contractor shall immediately report to the Department any indications or suspicions of fraud or potential HIPAA violations. Verbal reports shall be made immediately to the Department's contract manager. Written documentation of the findings and concerns shall be expressed to the Department in a narrative letter within three business days of a verbal report.

#### **4.1.2 Monthly Reporting**

The Contractor shall supply a written monthly summary report. This report is due to the Department by the fifteenth day of each month. Report criteria shall be agreed on by the Department and Contractor. The following criteria shall be included at a minimum:

- a. Number of reviews completed, selected for additional detailed agency case record information or individual face to face home visits, opened, pending and completed for the current month, contract to date and averages per month;
- b. Amount of misspent funds identified for each eligibility error;
- c. Additional months of erroneous Medicaid payments;
- d. Misspent funds by LDSS agency or FAMIS CPU;
- e. Means by which overpayments were identified;
- f. Actions taken;
- g. Type and amount of LDSS and CPU education completed;

- h. Number of cases before the Department awaiting approval;
- i. Number of cases recommended for referral to the Recipient Audit Unit;
- j. Trends noted, recipient eligibility specific and Statewide;
- k. Status of major activities and tasks related to Contractor's project and work plan, including specific tasks completed for each part of the project;
- l. Outstanding issues by Contractor and Department;
- m. Target dates for the completion of remaining tasks;
- n. Any potential delays in reaching target dates and the basis for such a conclusion;
- o. Any revisions to the overall project and audit schedule; and
- p. Miscellaneous: Problems encountered, or regulation revisions needed, etc.

#### 4.1.3 Annual Reports

Annual reports summarizing all activity mentioned above are due within 20 days after the end of the State's fiscal year, June 30th. An Executive Summary Report shall be provided, reporting on the status of all activities.

#### 4.1.4 A Preliminary Audit Report

This shall be submitted to the Department within ten (10) days after receipt of records from VDSS for the desk review audit. The preliminary report shall be due to the Department within ten (10) days of the deadline given to the DSS for providing records. A report shall also be prepared to indicate when the case record was returned to VDSS.

#### 4.1.5 Error Audit Report

If the Contractor discovers an error, eligibility or technical, the Department shall be notified within ten (10) calendar days of the discovery. The Department shall determine the format and the mode by which the report shall be reported.

#### 4.1.6 Final Audit Report

This shall be submitted to the Department within ten (10) days following receipt of additional records. If DSS does not submit additional records, the final audit report shall be prepared within 30 days of the issuance of the preliminary report, noting that VDSS failed to respond or did not submit additional needed information/records per the Contractor's request.

#### 4.1.7 Management Reports

The Contractor shall provide to the Department a written statement of those matters which came to the auditors' attention in the performance of the audit, including comments on the auditing procedures, systems of internal control, and any other matters

which would reflect on the eligibility decision as determined by the local agency. The Contractor shall not be responsible for auditing/reviewing the local agency's accounting system of internal controls.

#### **4.1.8 Ad Hoc Reports**

If requested by the Department, the Contractor shall provide additional ad hoc reports in relation to the RFP (and resulting contract) requirements in a format as agreed upon by the Department and the Contractor. The Department shall incur no expense in the generation of such reports. The Offeror shall explicitly state in their proposal if there is a set limit on ad hoc reports as well as hourly costs for reports over such threshold. Additionally, the Contractor shall make revisions in the data elements or format of the reports required in this RFP and resulting contract upon request of the Department and without additional charge to the Department. The Department shall provide written notice of such requested revisions of format changes in a notice of required report revisions. Contractor shall maintain a data gathering and storage system sufficient to meet the requirements of this RFP. As part of the response to this proposal the Contractor shall indicate the number of monthly ad hoc reports that shall be available to the Department. Ad Hoc reports may be requested by the Department regarding any issues identified and discussed in meetings. For example, a specific trend may be identified and discussed in a quarterly meeting. The Contractor may be asked to provide an ad hoc report regarding the identified trend with suggested actions.

#### **4.1.9 Work Papers**

On request, the Contractor shall furnish to the Department copies of all reviews and adjustments recommended and all audit work papers and correspondence for each eligibility review. The Contractor shall be required to maintain and store all original work papers and correspondence based on the Department's approved records retention plan as described later in this RFP in the section 11.2.

### **4.2 Delivery of Services**

Failure to complete audits within the scheduled time frames may be cause for cancellation of the contract, unless there are documented delays that have been approved by the Department.

### **4.3 Meetings**

The Contractor shall be prepared to attend various meetings either by face to face or telephonically as requested by DMAS. The contractor shall bear the expense for these meetings.

#### **4.3.1 Kick Off Meeting**

The Contractor shall lead a kick off meeting within 30 days after the contract effective date. The meeting shall introduce the project staff, provide project plans, and goals and deliverables to the Department management team.

#### 4.3.2 Weekly Meetings

It is anticipated that the contract start-up phase may require frequent coordination meetings. Weekly strategy/problem-solving meetings are anticipated initially with the contract monitor for the Department.

#### 4.3.3 Monthly Meetings

It is expected that monthly meetings may also occur with representatives from the Program Integrity Section, Policy and Research Section, Maternal and Child Health, FAMIS CPU, Internal Audit, and VDSS benefits program division, when appropriate, to discuss issues, problems, suggested solutions, relevant findings, trends and enforcement challenges due to regulation weaknesses. The Contractor shall conduct demonstrations for the Department of any new analysis tools and data analysis introduced during performance.

### **SECTION 5 CONTROLS**

The Department reserves the right to limit, control, or exclude certain categories of recovery, recipients and/or medical services from the Contractor's scope of work, including, but not limited to, the following specific limits.

1. The Contractor shall not compromise or waive any claims without first receiving written authorization of the Director of the Program Integrity Division;
2. All cases where an amount of misspent funds is identified or detected a referral shall be made to the Department's Recipient Audit Unit (RAU); and
3. No employee of the Contractor may be compensated based upon the amount recovered under the contract.

Offerors shall, as part of the response to this RFP, indicate agreement with identified controls and present a detailed specific plan regarding how the Offeror shall meet compliance with each of the above requirements

#### **5.1 Annual Review of Controls**

The Contractor shall provide to the Department and the State Treasurer a statement from its independent auditor that a review of the Company's internal accounting controls reveals no conditions believed to be a material weakness in the proper administration of the Department's PERM Audit Program in accordance with sound business principles. The written statement shall be provided annually each June 15 for the preceding calendar year.

## **5.2 Fraud and Abuse**

### **5.2.1 Prevention/Detection of Fraud**

The Contractor shall have internal controls and policies and procedures in place that are designed to prevent, detect, and report known or suspected fraud and abuse activities. Such policies and procedures must be in accordance with Federal regulations described in 42 CFR Parts 455 and 456. The Contractor shall have adequate staffing and resources to investigate unusual incidents and develop and implement corrective action plans to assist the Contractor in preventing and detecting agency errors.

### **5.2.2 Fraud Compliance Plan/Corrective Action Plan**

The Contractor shall have a written fraud compliance plan. The Contractor's specific internal controls and policies and procedures shall be described in a comprehensive written plan and be maintained on file with the Contractor for review and approval by the Department with this RFP and as an annual submission as part of the Contract. The Plan must define how the Contractor shall adequately identify and report eligibility errors by local agency, by case name, recipient ID and error type, by subcontractors and by the Contractor. The Plan must be submitted annually and must discuss the monitoring tools and controls necessary to protect against improper payments or other types of fraud and program abuse and describe the type and frequency of training that shall be provided to detect fraud. All improper payment activities or other program abuses shall be subject to the laws and regulations of the Commonwealth of Virginia and/or Federal laws and regulations.

The Department shall provide notice of approval, denial, or modification to the Contractor within thirty (30) calendar days of annual submission. The Contractor shall make any requested updates or modifications available for review after modifications are completed as requested by the Department within thirty (30) calendar days of a request.

At a minimum the written plan shall:

- i. Ensure that all officers, directors, managers and employees know and understand the provisions of the Contractor's fraud and abuse compliance plan;
- ii. Contain procedures designed to prevent and detect potential local agency errors or suspected abuse and fraud in the administration and delivery of services under this contract;
- iii. Include a description of the specific controls in place for prevention and detection of potential or suspected abuse and fraud, such as:
  - a. Relevant subcontractor and local agency agreement provisions;
  - b. Written material regarding fraud and abuse referrals.
- iv. Contain provisions for the confidential reporting of local agencies and subcontractors of plan violations to the designated person as described in item vi

below;

- v. Contain provisions for the investigation and follow-up of any compliance plan reports;
- vi. Ensure that the identities of individuals reporting violations of the plan are protected;
- vii. Contain specific and detailed internal procedures for officers, directors, managers and employees for detecting, reporting, and investigating fraud and abuse compliance plan violations;
- viii. Require any confirmed or suspected local agency fraud and abuse under State or Federal law be reported to the Department and that enrollee fraud and abuse be reported to the Department; and
- ix. Ensure that no individual who reports plan violations or suspected fraud and abuse is retaliated against.

The Contractor shall designate an officer or director in its organization who has the responsibility and authority for carrying out the provisions of the fraud and abuse compliance plan.

The Contractor shall report incidents of potential or actual fraud and abuse to the Department within two (2) business days of initiation of any investigative action by the Contractor or within two (2) business days of Contractor notification that another entity is conducting such an investigation of the Contractor. All reports shall be sent to the Department in writing and shall include a detailed account of the incident, including names, dates, places, and suspected fraudulent activities. The Contractor shall cooperate with all fraud and abuse investigation efforts by the Department and other State and Federal offices. The Contractor shall provide an annual report to the Department of all activities and results.

### **5.3 Scope of Work Modifications**

The Department reserves the right to renegotiate payment under this contract if the Department determines that additional eligibility reviews should be subject to auditing under this RFP. The Department will notify the Contractor of any revisions (additions or substitutions) to the agency reviews subject to this RFP at least 90 days prior to the effective date of the revisions. The number of audits expected per month is the current CMS projections for the first year of the contract and is not necessarily indicative of expected eligibility reviews in subsequent contract years. Projected audit quotas are subject to change based upon CMS requirements. Any changes to the audit quotas shall be negotiated by the parties in good faith and considered a contract modification under section 10.15 of this RFP.

## **SECTION 6 THE DEPARTMENT'S RESPONSIBILITIES**

The Department shall provide a contract monitor to maintain communication with the Contractor. The Department shall meet with the Contractor representative on a weekly basis (which may be telephonically) to discuss the audit program. During such, issues such as current eligibility review case record status, project plan and audit plans etc., will be addressed. The Department shall:

- Provide data to be used for the Contractor to determine the sample.
- Review the methodologies and approve all audits, either desk or individual face to face home visits, before the Contractor performs these services.
- Make the final determination regarding error findings.
- Collect any resulting misspent funds, investigative expenses and/or fines that shall not be shared with the Contractor. No fines or overpayments collected as a result of the audits shall be shared with the Contractor.
- Approve all letters that the Contractor sends to local agencies informing them of the outstanding documentation that is necessary to complete the review.
- Make the final decisions regarding all policy issues related to the auditing of the PERM reviews and the Virginia Medicaid/FAMIS programs.
- Provide on-going project review and contract evaluation to ensure contract compliance.
- Review and approve any Contractor written policy, subcontracts and/or procedural communications to local agencies/VDSS and others prior to release.
- Approve the Contractor's project and audit plan.

## **SECTION 7 PAYMENTS TO THE CONTRACTOR**

Payments to the Contractor shall be made monthly at the contracted fixed flat fee. The overall annual total of payments to the Contractor for the contracted services shall be limited to the total amount agreed to by the Department and the Contractor in the contract negotiations. The Department shall not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive based on a percentage of any overpayments identified during the audits. Payments to the Contractor shall also be subject to the General Terms and Conditions and the Special Terms and Conditions of Sections 10 and 11 respectively of this RFP.

### **7.1 Monthly Invoicing**

The Contractor shall be paid monthly based on a monthly invoice submitted by the 10<sup>th</sup> day of the following month. The monthly invoicing from the Contractor must identify by month and/or

by project, the type(s) of contractual services performed, Contractor staff level performing the services, and number of hours performed by each such staff level for that audit or project. The monthly invoice shall be itemized by the type of service and in total. Contractor travel expenses for off-site travel to and from a local agency in the performance of auditing or other services shall be in like manner identified by type of out-of-pocket expense, by agency and sample month and summarized by type of service performed and in total.

## **SECTION 8 PROPOSAL SUBMISSION REQUIREMENTS**

Each Offeror shall submit a separate Technical Proposal and a Cost Proposal in relation to the requirements described in this RFP. The following describes the general requirements and the specific requirements for the Technical Proposal and the cost proposal.

### **8.1. Overview**

Both the Technical Proposal and the Cost Proposal shall be developed and submitted in accordance with the instructions outlined in this section. The Offeror's proposals shall be prepared simply and economically, and they shall include a straightforward, concise description of the Offeror's capabilities that satisfy the requirements of the RFP. Although concise, the proposals should be thorough and detailed so that the Department may properly evaluate the Offeror's capacity to provide the required services. All descriptions of services should include an explanation of proposed methodology, where applicable. The proposals may include additional information that the Offeror considers relevant to this RFP.

The proposals shall be organized in the order specified in this RFP. A proposal that is not organized in this manner risks elimination from consideration if the evaluators, at their sole discretion, are unable to find where the RFP requirements are specifically addressed. Failure to provide information required by this RFP may result in rejection of the proposal.

The proposal may include any additional information that the Offeror considers relevant to this RFP.

### **8.2 Critical Elements of the Technical Proposal**

The Offeror must cross reference its Technical proposal with each requirement listed in Sections 3 and 4 of this RFP. In addition, the Offeror must ensure that the following documentation is included in the proposal.

**Offeror's Qualifications:** The proposal must include a summary of the Offeror's qualifications. The nature and importance of the work requires very strong qualifications. Documentation of directly related experience and credentials is necessary. Special emphasis will be placed upon experience in performing similar service audits for State or Federal government human services organizations. Include in the description experience with projects of a similar nature and scope.



**Project Plan:** The proposal must include a preliminary implementation plan as part of the response to this RFP. The plan shall include a detailed project schedule including the tasks and deliverables required to accomplish the work in the Offeror's proposal.

**Capacity Summary:** The proposal must include a capacity summary (physical plant, equipment, and critical personnel) including a discussion of the Offeror's capacity to successfully provide the desired services in light of other potential and known demands upon those resources.

**Summary of Key Staff:** The proposal must include a staff summary and identification of key staff, to include a qualified project director/manager who will be working on the project, and their relevant experience. Professional resumes for staff must be included with an indication of their area(s) of expertise (e.g. pharmacy).

**Out-of-Pocket Expenses:** The proposal must identify the types of expenses normally incurred as out-of-pocket expenses, and the Offeror's policy with regard to reimbursement of such expenses.

**References:** The proposal must include a minimum of four references. In addition, the proposal must include references from all State governments, Medicaid business in particular, for which the Offeror is currently under contract with for similar services outlined in this RFP. Signatures from the State officials must be included on the reference submission in this RFP. Offerors who fail to provide all State references with official signatures shall fail to earn the maximum points under the evaluation criteria. The Offeror shall also include past and/or current commercial accounts for work of a similar nature (Attachment I).

**Small Business Subcontracting Plan:** The Offeror shall be required to submit a report on the actual dollars to be spent with small businesses and small businesses owned by women and minorities during the performance of the contract. When such business has been subcontracted to these firms and quarterly during the contract period, the Contractor agrees to furnish the purchasing office the following information: name of firm, phone number, total dollar amount subcontracted and type of product/service provided on a quarterly basis.

Names of Virginia certified firms may be available from the Department of Minority Business Enterprise at [www.dmbv.virginia.gov](http://www.dmbv.virginia.gov). At a minimum, this report shall include for each firm contracted with and for each such business class (i.e., small, small-minority-owned, small-women-owned) the total actual dollars spent on this contract, the planned involvement of the firm and business class as specified in the proposal, and the actual percent of the total estimated contract value.

The Offeror shall submit a Small Business Subcontracting Plan for this procurement. Attachment II contains the format for providing this information, and shall be included in the package with the Offeror's Original of the Technical Proposal.

### **8.3 Binding of Proposal**

The Technical Proposal shall be clearly labeled “Technical Proposal” on the front cover. The Cost Proposal shall be clearly labeled “Cost Proposal” on the front cover. The legal name of the organization submitting the proposal shall also appear on the covers of both the Technical Proposal and the Cost Proposal.

The proposals shall be typed, bound, page-numbered, single-spaced with a 12-point font on 8 1/2” x 11” paper with 1” margins and printed on one side only. Each copy of the Technical Proposal and each copy of the Cost Proposal and all documentation submitted shall be contained in single three-ring binder volumes where practical. A tab sheet keyed to the Table of Contents shall separate each major section. The title of each major section shall appear on the tab sheet.

The Offeror shall submit an original and five (5) copies of the Technical Proposal and one original of the Cost Proposal by the response date and time specified in this RFP. Each copy of the proposal shall be bound separately. This submission shall be in a sealed envelope or sealed box clearly marked “RFP 2008-03” Technical Proposal”. In addition, the original of the Cost Proposal shall be sealed separately and clearly marked “RFP 2008-03” Cost Proposal” and submitted by the response date and time specified in this RFP. The Cost Proposal forms in Attachment III shall be used. The Offeror shall also submit one electronic copy (compact disc preferred) of their Technical Proposal in MS Word format (Microsoft Word 2000 or compatible format) and of their Cost Proposal in MS Excel format (Microsoft Word 2000 or compatible format). In addition, the Offeror shall submit a redacted (proprietary and confidential information removed) electronic copy in PDF format of their Technical Proposal and their Cost Proposal.

### **8.4 Table of Contents**

The proposal shall contain a Table of Contents that cross-references the RFP submittal requirements in Section 3 and 4. Each section of the Technical Proposal shall be cross-referenced to the appropriate section of the RFP that is being addressed. This will assist the Department in determining uniform compliance with specific RFP requirements.

### **8.5 Submission Requirements**

All information requested in this RFP shall be submitted in the Offeror’s proposal. A Technical Proposal shall be submitted and a Cost Proposal shall be submitted in the Offeror’s collective response. The proposals will be evaluated separately. By submitting a proposal in response to this RFP, the Offeror certifies that all of the information provided is true and accurate.

All data, materials and documentation originated and prepared for the Commonwealth pursuant to this RFP belong exclusively to the Commonwealth and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act. Confidential information shall be clearly marked in the proposal and reasons the information should be confidential shall be clearly stated.

The Commonwealth agrees that neither it nor its employees, representatives, or agents shall knowingly divulge any proprietary information with respect to the operation of the software, the technology embodied therein, or any other trade secret or proprietary information related thereto, except as specifically authorized by the Contractor in writing or as required by the Freedom of Information Act or similar law. It shall be the Contractor's responsibility to fully comply with § 2.2-4342F of the *Code of Virginia*. All trade secrets or proprietary information must be identified in writing or other tangible form and conspicuously labeled as "proprietary" either prior to or at the time of submission to the Commonwealth.

The Contractor assures that information and data obtained as to personal facts and circumstances related to recipients or applicants shall be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual's and the agency's written consent. Any information to be disclosed, except to the agency, must be in summary, statistical, or other form which does not identify particular individuals. Offerors and their employees working on this project shall be required to sign the Confidentiality statement in this solicitation.

Ownership of all data, materials, and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the State and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of § 2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret materials submitted must be identified by some distinct method such as highlighting or underlining and shall indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and, in the sole discretion of the Department, may result in rejection and return of the proposal.

All information requested by this RFP on ownership, utilization and planned involvement of small businesses, small-women-owned businesses and small-minority-owned business shall be submitted with the Technical Proposal.

## **8.6 Transmittal Letter**

The transmittal letter shall be on official organization letterhead and signed by the individual authorized to legally bind the Offeror to contract agreements and the terms and conditions contained in this RFP. The organization official who signs the proposal transmittal letter shall be the same person who signs the cover page of the RFP and Addenda.

At a minimum, the transmittal letter shall contain the following:

1. A Statement that the Offeror meets the required conditions to be an eligible candidate for the contract award including:

- a) The Offeror and any related entities must identify any client relationships, contracts or agreements they have with any State or local government entity that is a Medicaid and/or Title XXI State Child Health Insurance Program facility or Contractor and the general circumstances of the contract or agreement. This information will be reviewed by the Department to ensure there are no potential conflicts of interest;
  - b) Offeror must be able to present sufficient assurances to the State that the award of the contract to the Offeror shall not create a conflict of interest between the Contractor, the Department, and its subcontractors; and
  - c) The Offeror must be licensed to conduct business in the State of Virginia.
2. A Statement that the Offeror has read, understands and agrees to perform all of the Contractor responsibilities and comply with all of the requirements and terms set forth in this RFP, any modifications of this RFP, the Contract and Addenda;
  3. The Offeror's general information, including the address, telephone number, and facsimile transmission number;
  4. Designation of an individual as the authorized representative of the organization who will interact with the Department on any matters pertaining to this RFP and the resultant Contract; and
  5. A Statement agreeing that the Offeror's proposal shall be valid for a minimum of 180 days from its submission to the Department.

#### **8.7 Signed Cover Page of the RFP and Addenda**

To attest to all RFP terms and conditions, the authorized representative of the Offeror shall sign the cover page of this RFP as well as the cover page of the Addenda, if issued, to the RFP and submit this along with its proposal.

#### **8.8 Procurement Contact**

The principal point of contact for this procurement in DMAS shall be:

Carmel R. Jones-Boyd, Contract Monitor  
Program Integrity Section  
Virginia Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219  
E-mail [PERMRFP@dmass.virginia.gov](mailto:PERMRFP@dmass.virginia.gov)

All communications with the Department regarding this RFP should be directed to the principal point of contact. All RFP content-related questions shall be in writing to the principal point of contact or the Department Contract Management Officer. An Offeror who communicates with any other employees or Offerors of the Department concerning this RFP after issuance of the RFP may be disqualified from this procurement.

## **8.9 Submission and Acceptance of Proposals**

The proposals, whether mailed or hand delivered, shall arrive at the Department no later than 2:00 p.m. E.S.T. on October 3, 2008. The Department shall be the sole determining party in establishing the time of arrival of proposals. Late proposals shall not be accepted and shall be automatically rejected from further consideration. Proposals may be sent by US mail, Federal Express, UPS, etc. to:

Attention: William D. Sydnor  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

### **Hand Delivery or Courier to:**

Attention: William D. Sydnor  
Department of Medical Assistance Services  
7th Floor DMAS Receptionist  
600 East Broad Street  
Richmond, VA 23219

If the Department does not receive at least one responsive proposal as a result of this RFP, the Department reserves the right to select a Contractor that best meets its needs. The Department management shall select this Contractor. The Department also reserves the right to reject all proposals. The Department reserves the right to delay implementation of the RFP if a satisfactory Contractor is not identified or if the Department determines a delay is necessary to ensure implementation goes smoothly without service interruption. Information will be posted on the Department web site at <http://www.dmas.virginia.gov/> and the eVA web site at <http://www.eva.virginia.gov>

## **8.10 Oral Presentation and Site Visit**

The Department may require one or more oral presentations or conference calls by an Offeror in response to questions it has about the Offeror's proposal. The Department will allow a minimum two-business day advance notice to the Offeror prior to the date of the oral presentation. Expenses incurred as part of the oral presentation shall be the Offeror's responsibility.

The Department may make one or more on-site visits to see the Offeror's operation of another contract, both Medicaid and non-Medicaid. The Department shall be solely responsible for its own expenses for travel, food and lodging.

## **8.11 RFP Schedule of Events**

The following RFP Schedule of Events represents the State's proposed timeframe that will be followed for implementation of the program.

<b>EVENT</b>	<b>DATE</b>
State Issues RFP	8/26/08
Letter of Intent	9/8/08
Deadline for Written Comments	9/8/08
Deadline for Submitting a Proposal to the Department	10/3/08

If it becomes necessary to revise any part of this RFP, or if additional data is necessary for an interpretation of provisions of this RFP prior to the due date for proposals, an addendum will be issued to all Offerors by the Department. If supplemental releases are necessary, the Department reserves the right to extend the due dates and time for receipt of proposals to accommodate such interpretations of additional data requirements. The RFP and subsequent information will be listed on the Department's website ([www.dmas.virginia.gov](http://www.dmas.virginia.gov)) and the eVA website ([www.eva.state.va.us](http://www.eva.state.va.us)). Offerors are responsible for checking these sites for any addendums or notices regarding this RFP.

## **SECTION 9 PROPOSAL EVALUATIONS AND AWARD CRITERIA**

The Department will conduct a comprehensive, fair, and impartial evaluation of the Technical and Cost Proposals received in response to this RFP. The Evaluation Team will be responsible for the review and scoring of all proposals. This group will be responsible for the recommendation to the DMAS Director.

### **9.1 Evaluation of Minimum Requirements**

The Department will initially determine if each proposal addresses the minimum RFP requirements to permit a complete evaluation of the Technical and Cost Proposals. Proposals shall comply with the instructions to Offerors contained throughout this RFP. Failure to comply with the instructions shall result in a lower scoring of the proposal. The Department reserves the right to waive minor informalities.

The minimum requirements for a proposal to be given consideration are:

**RFP Cover Sheet:** This form shall be completed and properly signed by the authorized representative of the organization.

**Closing Date:** The proposal shall have been received, as provided in Section 8.9, before the closing of acceptance of proposals in the number of copies specified.

**Compliance:** The proposal shall comply with the entire format requirements described in Sections 3 and 4 and the Technical and Cost Proposal requirements described in Section 8.

**Mandatory Conditions:** All mandatory General and Special Terms and Conditions contained in Sections 10 and 11 shall be accepted.

**Small Business Utilization** – Summarize the planned utilization of DMBE certified small businesses and small businesses owned by women and minorities under the contract to be awarded as a result of this solicitation. (Attachment II).

## 9.2 Proposal Evaluation Criteria

The specific criteria for evaluating proposals include the elements below:

Criteria	<b><u>Proposed Weights</u></b>
<b>1. General quality and adequacy of response</b>	<b>10%</b>
Agreement to comply with all general and specific requirements and conditions (Sections 3 and 4).	
Responsiveness to information furnished and goals Stated in Scope of Work (Section 3).	
Demonstrated knowledge of Medicaid eligibility State and Federal policies and procedures.	
Audit hours available to perform Department audits under contract.	
Clear understanding of the project as demonstrated in the responses to the RFP.	
<b>2. Proposal/Work Plan for Completion of the PERM Reviews</b>	<b>15%</b>
The clarity and completeness of the proposal related to the Offeror's approach to and completion of the audits and management of the assigned personnel.	
The lead-time to begin an audit, and the turn around time to complete the expected work.	
The work plan distribution of person hours for each part of the project	
<b>3. Contractor Qualifications</b>	<b>20%</b>
Qualifications of personnel	
Prior experience with similar projects.	
Identified conflicts	
Appropriateness of the relationship between staff qualifications and assigned responsibilities	
Capability of the personnel assigned to the project to audit for compliance with applicable state and Federal Medicaid eligibility regulations and policies, to determination a finding of misspent funds if appropriate, and to produce working papers that support conclusions reached in the audit engagement.	
Capability of the project director to successfully manage the project.	
<b>4. Quality of References</b>	<b>5%</b>
References who clearly address the nature of the work performed by the Offeror	
References who exhibit satisfaction with the work performed by the Offeror	
Contacts for other contracts who exhibit satisfaction with the work performed by the Offeror.	
<b>5. Proposed Recoveries to Administration Cost Methodology</b>	<b>15%</b>
The projected recoveries and how the Contractor shall achieve the recoveries by the end of each State fiscal year of at least twice its contracted costs.	
<b>6. Small Business Subcontracting Plan</b>	<b>20%</b>
<b>7. Cost</b>	<b>15%</b>

The lowest cost proposal shall be scored the maximum number of evaluation points for cost. All other cost proposals shall be evaluated and assigned points for cost in relation to the lowest cost proposal. Although cost proposals are evaluated and weighted, they are not the sole deciding factor for the RFP.

### **9.3 Oral Presentations**

Oral presentations may be conducted with each Offeror to clarify proposal points. See §8.10.

## **SECTION 10 GENERAL TERMS AND CONDITIONS**

### **10.1 Vendors Manual**

This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at [www.eva.virginia.gov](http://www.eva.virginia.gov) under “Manuals.”

### **10.2 Applicable Laws and Courts**

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Department and the Contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures. ADR procedures are described in Chapter 9 of the *Vendors Manual*. The Contractor shall comply with all applicable Federal, State and local laws, rules and regulations.

### **10.3 Anti-Discrimination**

By submitting their proposals, Offerors certify to the Commonwealth that they shall conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the Virginia Public Procurement Act (VPPA), Virginia Code § 2.2-4201 and any other applicable laws. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body.



In every contract over \$10,000, the provisions in Sections 10.3.1 and 10.3.2. below apply:

10.3.1. During the performance of this contract, the Contractor agrees as follows:

- a) The Contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by State law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b) The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, shall state that such Contractor is an equal opportunity employer.
- c) Notices, advertisements and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

10.3.2. The Contractor shall include the provisions of 10.3.1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or Contractor.

#### **10.4 Ethics in Public Contracting**

By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

#### **10.5 Immigration Reform and Control Act Of 1986**

By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

## **10.6 Debarment Status**

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia or any other Federal, State or local government from submitting bids or proposals on any type of contract.

## **10.7 Antitrust**

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

## **10.8 Mandatory Use of State Form and Terms and Conditions**

Failure to submit a proposal on the official State form, in this case the completed and signed RFP Cover Sheet, may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

## **10.9 Clarification of Terms**

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact Carmel R. Jones-Boyd, Contract Monitor no later than 2:00 pm on September 8, 2008. Any revisions to the solicitation will be made only by addendum issued by the buyer.

## **10.10 Payment**

### **1. To Prime Contractor:**

- a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the State contract number and/or purchase order number; social security number (for individual Contractors) or the Federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public Department is being billed.

- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. Unreasonable Charges: Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges that appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve the Department of its prompt payment obligations with respect to those charges that are not in dispute (*Code of Virginia*, § 2.2-4363).

2. To Subcontractors:

- a. A Contractor awarded a contract under this solicitation is hereby obligated:

- (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

- (2) To notify the Department and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.

- b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as Stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

- 3. Each prime Contractor who wins an award in which provision of a small business contracting plan is a condition to the award, shall deliver to the contracting Department or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business contracting plan. Final payment under the contract in question may be withheld until such certification is

delivered and, if necessary, confirmed by the Department or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

#### **10.11 Precedence of Terms**

The following General Terms and Conditions: *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

#### **10.12 Qualifications of Offerors**

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

#### **10.13 Testing And Inspection**

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to ensure goods and services conform to the specifications.

#### **10.14 Assignment of Contract**

A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth. Any assignment made in violation of this section will be void.

#### **10.15 Changes to the Contract**

Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
2. The Department may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed or are mandated by changes in

Federal or State laws or regulations. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department a credit for any savings. Said compensation shall be determined by one of the following methods:

- a) By mutual agreement between the parties in writing; or
- b) By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Department's right to audit the Contractor's records and/or to determine the correct number of units independently; or
- c) By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department with all vouchers and records of expenses incurred and savings realized. The Department shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department within thirty (30) days from the date of receipt of the written order from the Department. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the dispute provisions of the *Commonwealth of Virginia Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Department or with the performance of the contract generally.

#### **10.16 Default**

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies, which the Commonwealth may have.

#### **10.17 Insurance**

By signing and submitting a bid or proposal under this solicitation, the Offeror certifies that if awarded the contract, it shall have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor shall have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any subcontractors

will maintain these insurance coverages during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

#### MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation: Statutory requirements and benefits: Coverage is compulsory for employers of three or more employees, to include the employer. A contractor who fails to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the Code of Virginia during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability: \$100,000.
3. Commercial General Liability: \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability: \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the contract.)
5. Professional Liability/Errors and Omission \$1,000,000 per occurrence, \$3,000,000 aggregate.

#### **10.18 Announcement of Award**

Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the Department will publicly post such notice on the DGS/DPS eVA web site ([www.eva.virginia.gov](http://www.eva.virginia.gov)) for a minimum of 10 days.

#### **10.19 Drug-Free Workplace**

During the performance of this contract, the Contractor agrees to:

1. Provide a drug-free workplace for the Contractor's employees;
2. Post in conspicuous places, available to employees and applicants for employment, a Statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
3. State in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and
4. Include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or Contractor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation,

possession or use of any controlled substance or marijuana during the performance of the contract.

#### **10.20 Nondiscrimination of Contractors**

A Bidder, Offeror, or Contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by State law relating to discrimination in employment or because the bidder or Offeror employs ex-offenders unless the State Department, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements.

#### **10.21 eVA Business-To-Government Vendor Registration**

The eVA Internet electronic procurement solution, web site portal [www.eVA.virginia.gov](http://www.eVA.virginia.gov), streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with State agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All bidders or Offerors must register in eVA; failure to register will result in the bid/proposal being rejected.

- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.
- c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
  - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.

## **10.22 Availability of Funds**

It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

## **SECTION 11 SPECIAL TERMS AND CONDITIONS**

### **11.1 Access to Premises**

The Contractor shall allow duly authorized agents or representatives of the State or Federal Government, during normal business hours, access to Contractor's and subcontractors' premises, to inspect, audit, monitor or otherwise evaluate the performance of the Contractor's and subcontractor's contractual activities and shall forthwith produce all records requested as part of such review or audit. In the event right of access is requested under this section, the Contractor and subcontractor shall, upon request, provide and make available staff to assist in the audit or inspection effort, and provide adequate space on the premises to reasonably accommodate the State or Federal personnel conducting the audit or inspection effort. All inspections or audits shall be conducted in a manner as will not unduly interfere with the performance of Contractor or subcontractor's activities. The Contractor shall be given thirty (30) calendar days to respond to any preliminary findings of an audit before the Department shall finalize its findings. All information so obtained will be accorded confidential treatment as provided under applicable law.

The Department, the Office of the Attorney General of the Commonwealth of Virginia, the Federal Department of Health and Human Services, and/or their duly authorized representatives shall be allowed access to evaluate through inspection or other means, the quality, appropriateness, and timeliness of services performed under this Contract.

### **11.2 Access To and Retention of Records**

In addition to the requirements outlined below, the Contractor must comply, and must require compliance by its subcontractors with the security and confidentiality of records standards.

#### **11.2.1 Access to Records**

The Department, the Centers for Medicare and Medicaid Services, State and Federal auditors, or any of their duly authorized representatives shall have access to any books, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors.

The Department, the Centers for Medicare and Medicaid Services, State and Federal auditors, or any of their duly authorized representatives, shall be allowed to inspect, copy, and audit any of the above documents, including, medical and/or financial records of the Contractor and its subcontractors.



### 11.2.2 Retention of Records

The Contractor shall retain all records and reports relating to this Contract for a period of six (6) years after final payment is made under this Contract or in the event that this Contract is renewed six (6) years after the final payment. When an audit, litigation, or other action involving or requiring access to records is initiated prior to the end of said period, however, records shall be maintained for a period of six (6) years following resolution of such action or longer if such action is still ongoing. Copies on microfilm or other appropriate media of the documents contemplated herein may be substituted for the originals provided that the microfilming or other duplicating procedures are reliable and are supported by an effective retrieval system which meets legal requirements to support litigation, and to be admissible into evidence in any court of law.

### 11.3 Advertising

In the event a contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to the Department will be used in product literature or advertising. The contractor shall not state in any of its advertising or product literature that the Department has purchased or uses any of its products or services, and the contractor shall not include the Department in any client list in advertising and promotional materials.

### 11.4 Audit

The Contractor shall retain all books, records, and other documents relative to this contract for six (6) years after final payment, or longer if audited by the Commonwealth of Virginia, whichever is sooner. The Department, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.

### 11.5 Award

Selection shall be made of one or more Offerors who are deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror which, in its opinion, has made the best proposal, and shall award the contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359D). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated.

## **11.6 Best and Final Offer**

At the conclusion of negotiations, the Offeror(s) may be asked to submit in writing, a Best and Final Offer (BAFO). After the BAFO is submitted, no further negotiations shall be conducted with the Offeror(s). The Offeror's proposal will be rescored to combine and include the information contained in the BAFO. The decision to award will be based on the final evaluation including the BAFO.

## **11.7 Termination**

This Contract may be terminated in whole or in part:

- a. By the Department, for convenience, with not less than ninety (90) days prior written notice, which notice shall specify the effective date of the termination,
- b. By the Department, in whole or in part, if funding from Federal, State, or other sources is withdrawn, reduced, or limited;
- c. By the Department if the Department determines that the instability of the Contractor's financial condition threatens delivery of services and continued performance of the Contractor's responsibilities; or
- d. By the Department if the Department determines that the Contractor has failed to satisfactorily perform its contracted duties and responsibilities.

The Contractor shall not terminate this contract in part.

Each of these conditions for contract termination is described in the following paragraphs.

### **11.7.1 Termination for Convenience**

The Contractor may terminate this Contract with or without cause, upon (90) days prior written notice to the Department. In addition, the Contractor may terminate the contract by opting out of the renewal clause. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding services issued prior to the effective date of termination.

### **11.7.2 Cancellation of Contract**

The Department reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 90 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding services issued prior to the effective date of cancellation.

### **11.7.3 Termination for Unavailable Funds**

The Contractor understands and agrees that the Department shall be bound only to the extent of the funds available or which may become available for the purpose of this resulting Contract. When the Department makes a written determination that funds are

not adequately appropriated or otherwise unavailable to support continuance of performance of this Contract, the Department shall, in whole or in part, cancel or terminate this Contract.

The Department's payment of funds for purposes of this Contract is subject to and conditioned upon the availability of funds for such purposes, whether Federal and/or State funds. The Department may terminate this Contract upon written notice to the Contractor at any time prior to the completion of this Contract, if, in the sole opinion of the Department, funding becomes unavailable for these services or such funds are restricted or reduced. In the event that funds are restricted or reduced, it is agreed by both parties that, at the sole discretion of the Department, this Contract may be amended. If the Contractor shall be unable or unwilling to provide covered services at reduced rates, the Contract shall be terminated.

No damages, losses, or expenses may be sought by the Contractor against the Department, if, in the sole determination of the Department, funds become unavailable before or after this Contract between the parties is executed. A determination by the Department that funds are not appropriated or are otherwise inadequate or unavailable to support the continuance of this Contract shall be final and conclusive.

#### 11.7.4 Termination Because of Financial Instability

In the event the Contractor becomes financially unstable to the point of threatening the ability of the Department to obtain the services provided for under the Contract, ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, or suffers or permits the appointment of a receiver for its business or assets, the Department may, at its option, immediately terminate this Contract effective at the close of business on a date specified by the Department. In the event the Department elects to terminate the Contract under this provision, the Contractor shall be notified in writing, by either certified or registered mail, specifying the date of termination. The Contractor shall submit a written waiver of the licensee's rights under the Federal bankruptcy laws.

In the event of the filing of a petition in bankruptcy by a principal network provider or subcontractor, the Contractor shall immediately so advise the Department. The Contractor shall ensure that all tasks that have been delegated to its subcontractor(s) are performed in accordance with the terms of this Contract.

#### 11.7.5 Termination for Default

The Department may terminate the Contract, in whole or in part, if the Department determines that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract and is unable or unwilling to cure such failure within a reasonable period of time as specified in writing by the Department, taking into consideration the gravity and nature of the default. Such termination shall be referred to herein as "Termination for Default."

Upon determination by the Department that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract, the Contractor shall be notified in writing, by either certified or registered mail, of the failure and of the time period which has been established to cure such failure. If the Contractor is unable or unwilling to cure the failure within the specified time period, the Department will notify the Contractor in writing within thirty (30) calendar days of the last day of the specified time period that the Contract, has been terminated in full or in part, for default. This written notice will identify all of the Contractor's responsibilities in the case of the termination, including responsibilities related to enrollee notification, network provider notification, refunds of advance payments, return or destruction of Department data and liability for medical claims.

In the event that the Department determines that the Contractor's failure to perform its duties and responsibilities under this contract results in a substantial risk to the health and safety of Medicaid or FAMIS enrollees, the Department may terminate this contract immediately without notice.

If, after notice of termination for default, it is determined by the Department or by a court of law that the Contractor was not in default or that the Contractor's failure to perform or make progress in performance was due to causes beyond the control of and without error or negligence on the part of the Contractor or any of its subcontractors, the notice of termination shall be deemed to have been issued as a termination for the convenience of the Department, and the rights and obligations of the parties shall be governed accordingly.

In the event of termination for default, in full or in part, as provided for under this clause, the Department may procure from other sources, upon such terms and in such manner as is deemed appropriate by the Department, supplies or services similar to those terminated, and the Contractor shall be liable for any costs for such similar supplies and services and all other damages allowed by law. In addition, the Contractor shall be liable to the Department for administrative costs incurred to procure such similar supplies or services as are needed to continue operations. In the event of a termination for default prior to the start of operations, any claim the Contractor may assert shall be governed by the procedures defined by the Department for handling contract termination. Nothing herein shall be construed as limiting any other remedies that may be available to the Department.

In the event of a termination for default during ongoing operations, the Contractor shall be paid for any outstanding payments due less any assessed damages.

#### **11.8 Remedies for Violation, Breach, or Non-Performance of Contract**

Upon receipt by the Department of evidence of substantial non-compliance by the Contractor with any of the provisions of this Contract or with State or Federal laws or regulations the following remedies may be imposed.

#### 11.8.1 Procedure for Contractor Noncompliance Notification

In the event that the Department identifies or learns of noncompliance with the terms of this contract, the Department will notify the Contractor in writing of the nature of the noncompliance. The Contractor must remedy the noncompliance within a time period established by the Department and the Department will designate a period of time, not less than ten (10) calendar days, in which the Contractor must provide a written response to the notification. The Department may develop or may require the Contractor to develop procedures with which the Contractor must comply to eliminate or prevent the imposition of specific remedies.

#### 11.8.2 Remedies Available to the Department

The Department reserves the right to employ, at the Department's sole discretion, any and all remedies available at law or equity including but not limited to, payment withholds and/or termination of the contract.

### 11.9 Performance Bonds

The Contractor shall deliver to the Department purchasing office an executed performance bond, in a form acceptable to the Department, in the amount of one month of the estimated annual contract amount, with the Department as obligee. The surety shall be a surety company or companies approved by the Virginia State Corporation Commission to transact business in the Commonwealth of Virginia. **No payment shall be due and payable to the Contractor, even if the contract has been performed in whole or in part, until the bonds have been delivered to and approved by the Department.**

#### 11.10 Payment

The Contractor shall be prepared to provide the full range of services requested under this RFP and resultant contract, on site and operationally ready to begin work by the implementation date established by the Department. The Department will provide adequate prior notice of at least 30 days of the implementation date. Upon approval of the Contractor's operational readiness and a determined start date, the Department shall make payments as described in Section 7.

Each invoice submitted by the Contractor shall be subject to the Department approval based on satisfactory performance of contracted services and compliance with all contract terms. The invoice shall contain the Federal tax identification number, the contract number and any other information subsequently required by the Department.

### 11.11 Identification of Proposal Envelope

If a special envelope is not furnished, or if return in the special envelope is not possible, the signed bid/proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: \_\_\_\_\_  
Name of Offeror Due Date /Time

\_\_\_\_\_  
Street or Box Number City, State, Zip Code

\_\_\_\_\_  
RFP Number

Name of Contract/Purchase Officer:

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the Offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

### 11.12 Indemnification

Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor; any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the using Department; or to failure of the using Department to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.

### 11.13 Small Businesses Subcontracting and Evidence of Compliance

- A. It is the goal of the Commonwealth that 40% of its purchases are made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All potential offerors are required to submit a Small Business Subcontracting Plan. Unless the offeror is registered as a DMBE-certified small business and where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such subcontracting opportunities to

DMBE-certified small businesses. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification. No offeror or subcontractor shall be considered a Small Business, a Women-Owned Business or a Minority-Owned Business unless certified as such by the Department of Minority Business Enterprise (DMBE) by the due date for receipt of proposals. If small business subcontractors are used, the prime contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.

- B. Each prime contractor who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for default.
- C. Each prime contractor who wins an award valued over \$200,000 shall deliver the contracting agency or institution on a quarterly basis, information on use of the subcontractors that are not DMBE- certified small businesses. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.

#### **11.14 Prime Contractor Responsibilities**

The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that it may utilize, using its best skill and attention. Subcontractors who perform work under this contract shall be responsible to the prime Contractor. The Contractor agrees that it is as fully responsible for the acts and omissions of its subcontractors and of persons employed by it as it is for the acts and omissions of its own employees

#### **11.15 Renewal of Contract**

There is an option to renew the contract for an addition period from October 2011 through June 2013.

**ATTACHMENT I**  
References

RFP 2008-03 Reference Form:

Contract Name:	
Customer name and address:	
Customer contact and title:	
Contact Phone number:	
Scope of Services of Contract:	
Contract Type (fixed price, fee for service, capitation, etc):	
Contract Size (sample size, # of reviews completed, etc):	
Amount of misspent funds identified:	
Contract Period:	
Number of Contractor staff assigned to contract:	
Any legal or adverse contractual actions against the Offeror related to the project:	
Annual Value of Contract:	

\_\_\_\_\_  
Signature of State Official

\_\_\_\_\_  
Date



## ATTACHMENT II

### Small Business Subcontracting Plan

#### Definitions

**Small Business:** "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: DMBE-certified women- and minority-owned businesses shall also be considered small businesses when they have received DMBE small business certification.

**Women-Owned Business:** Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

**Minority-Owned Business:** Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

**All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) to participate in the SWAM program. Certification applications are available through DMBE online at [www.dmbv.virginia.gov](http://www.dmbv.virginia.gov) (Customer Service).**

**Bidder/Offeror Name:** \_\_\_\_\_

**Preparer Name:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Instructions

- A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall include DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not certified by DMBE as a small business and plan to subcontract part of this contract with a DMBE certified business, complete only Section B of this form.

## Section A

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a (**check only one below**)?

\_\_\_\_\_ Small Business

\_\_\_\_\_ Small and Women-owned Business

\_\_\_\_\_ Small and Minority-owned Business

Certification Number:\_\_\_\_\_ Certification Date:\_\_\_\_\_

**Section B**

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall include DMBE-certified women-owned and minority-owned businesses that meet the small business definition and have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

**B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement**

<b>Small Business Name &amp; Address  DMBE Certificate #</b>	<b>Status if Small Business is also: Women (W), Minority (M)</b>	<b>Contact Person, Telephone &amp; Email</b>	<b>Type of Goods and/or Services</b>	<b>Planned Contract Involvement</b>	<b>Planned Annual Contract Dollar Expenditure Amount</b>
<b>Totals \$</b>					

### ATTACHMENT III

#### Cost Proposal: Offeror's Cost Details for Pricing PERM Auditing Services

Proposed Recovery \_\_\_\_\_

<b>PERM Auditing Services</b>						
<b><u>Direct Costs</u></b>		<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>		<b><u>TOTAL</u></b>
<b><u>Labor</u></b> (by Individual or staff category)						
<i><u>Subtotal Labor</u></i>						
<u>Benefits</u>						
<b>Total Labor</b>						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
<b>Total Other Direct</b>						
<b><u>TOTAL</u></b>						

**Note:** General and Administrative and other indirect costs must be included in the direct cost figures. (DMAS will not consider G&A or other fees as a separate line item.)

DMAS would like the Contractor to provide pricing based on the minimums established in section 3.

As indicated any changes to audit quotas shall be negotiated by the parties in good faith and considered a contract modification under section 10.15 of this RFP.

## ATTACHMENT IV

### DMAS Policies

#### **Timely Filing**

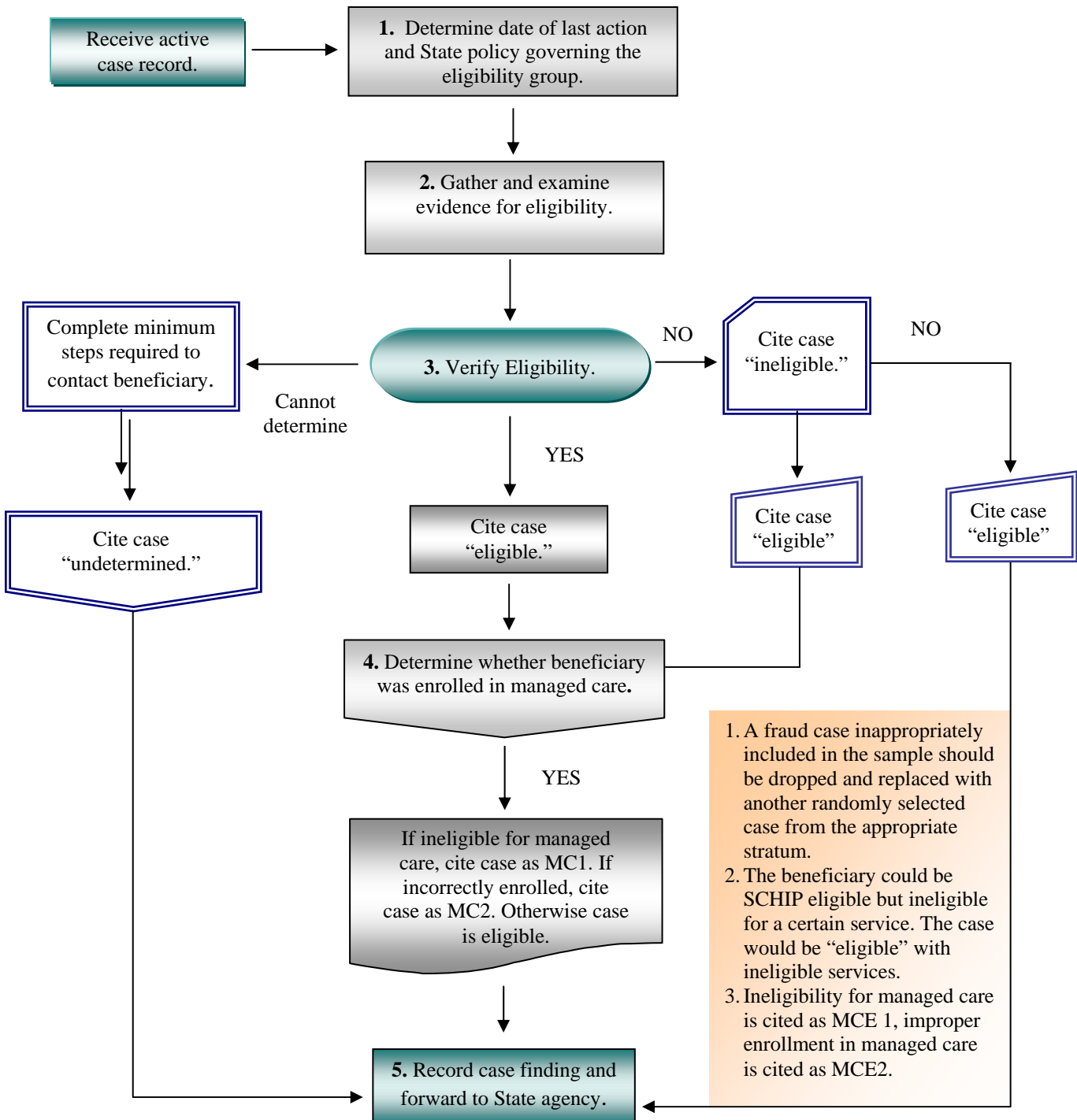
Virginia Medicaid is mandated by Federal regulations to require the initial submission of all claims (including accident cases) within 12 months from the date of service. Providers are encouraged to submit billings within 30 days from the last date of service or discharge. Federal financial participation is not available for claims which are not submitted within 12 months from the date of the service. Medicaid is not authorized to make payment on these late claims, except under the following conditions:

- **Retroactive Eligibility** - Medicaid eligibility can begin as early as the first day of the third month prior to the month of application for benefits. All eligibility requirements must be met within that time period. Unpaid bills for that period can be billed to Medicaid the same as for any other service. If the enrollment is not accomplished timely, billing will be handled in the same manner as for delayed eligibility.
- **Delayed Eligibility** - Medicaid may make payment for services billed more than 12 months from the date of service in certain circumstances. Medicaid denials may be overturned or other actions may cause eligibility to be established for a prior period. Medicaid may make payment for dates of service more than 12 months in the past when the claims are for a recipient whose eligibility has been delayed. When the provider did not have knowledge of the Medicaid eligibility of the person prior to rendering the care or service, he or she has 12 months from the date he or she is notified of the Medicaid eligibility in which to file the claim. Providers who have rendered care for a period of delayed eligibility will be notified by a copy of a dated letter from the local department of social services which specifies the delay has occurred, the Medicaid claim number, and the span for which eligibility has been granted. The provider must submit a claim on the appropriate Medicaid claim form within 12 months from the date of the receipt of the notification of the delayed eligibility. A copy of the dated letter from the local department of social services indicating the delayed eligibility information must be attached to the claim.
- **Denied Claims** - Denied claims that have been submitted initially within the required 12-month period may be resubmitted and considered for payment without prior approval from Medicaid. The procedures for resubmission are: Complete the invoice as usual, explaining the reason for the late submission in the "Remarks" section of the invoice, and attach written documentation to verify the explanation. This documentation may be denials by Medicaid or any follow-up correspondence from Medicaid showing that the claim was submitted to Medicaid initially within the required 12-month period. A legible original invoice form should be submitted. A copy is retained by the provider for record keeping. All invoices must be mailed (proper postage is the responsibility of the provider and will help prevent mishandling); messenger or hand deliveries will not be accepted.

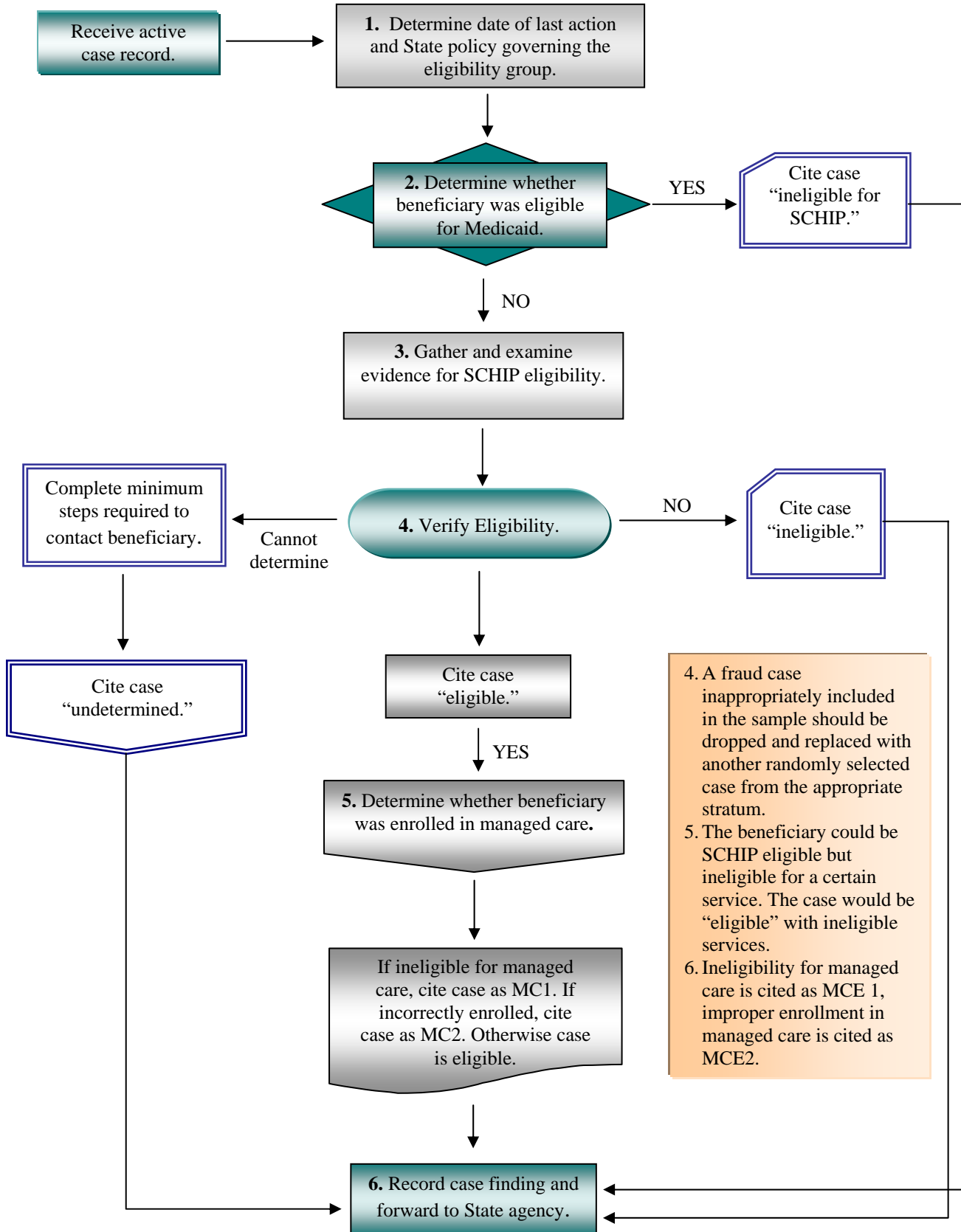
- **Accident Cases** - The provider may either bill Medicaid or wait for a settlement from the responsible liable third party in accident cases. However, all claims for services in accident cases must be billed to Medicaid within 12 months from the date of service. If the provider waits for the settlement before billing Medicaid and the wait extends beyond 12 months from the date of the service, no reimbursement can be made by Medicaid as the time limit for filing the claim has expired.
- **Other Primary Insurance** - The provider should bill other insurance as primary. However, all claims for services must be billed to Medicaid within 12 months from the date of the service. If the provider waits for payment before billing Medicaid and the wait extends beyond 12 months from the date of the service, no reimbursement can be made by Medicaid as the time limit for filing the claim has expired. If payment is made from the primary insurance carrier after a payment from Medicaid has been made, an adjustment or void should be filed at that time.

## ATTACHMENT V

### Medicaid Active Case Review Process



# ATTACHMENT VI FAMIS Active Case Review Process





**ATTACHMENT VI**  
**Medicaid and FAMIS Negative Case Review Process**

